EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,649

Weekend January 4/January 5 1992

D 8523A

WORLD NEWS

Palestinians threaten peace talks boycott

Angry Palestinian negotiators yesterday suspended plans to travel to Washington for next week's resumed Arab-Israeli peace talks.

They said they were considering a boycott in protest against Israel's decision to expel 12 Palestinians from the occupied territories. The Palestine Liberation Organisation said the talks could be at risk unless the US and UN forced Israel to call off the deportations. Page 22

Tentative Croatia truce

Fighting appeared to ease in Croatia at about 6pm yesterday, the time agreed for a ceasefire between the Serb-led federal army and Croatia's National Guard. In several frontline towns, the guns fell silent on the stroke of 6pm. Serbs in push for rump Yugoslavia, Page 2

Cubans fly to Florida

A Russian-made helicopter carrying 24 Cuban asylum-seekers landed at a suburban airport in Florida.

Chadian soldiers hurt

At least 150 Chadian government soldiers were wounded and an unknown number killed in fighting at towns taken by rebels loyal to ousted ex-president Hissène Habré.

Tension over East Timor

Indonesia protested to Australia after a Canberra crowd harassed Indonesian diplomats during a protest about November's Indonesian army massacre in East Timor.

Italian pile-ups kill 8

One man was killed and more than 40 injured in a second pile-up on Italy's A-1 Autostrada del Sole motorway. The accident came hours after the main north-south road was cleared of wreckage from a Thursday night pile-up in which seven people died and more than 100 were injured.

Ulster murder

A Roman Catholic shot dead at his butcher's shop in Moy, County Tyrone, became Northern Ireland's first murder victim of 1992. Detectives believe he was the victim of a loyalist revenge attack. A second man was seriously wounded and a 10-year-old girl injured.

Gloom over economy

Almost two thirds of people believe the UK economy will not recover until at least next year, according to a Gallup opinion poll for investment management group Gartmore. Only 1 per cent think the recession is already over.

Embargo set to end

President Bush, in Singapore on a four-nation Pacific tour, is expected to lift the 16-year-old US trade embargo on Cambodia. The move is in recognition of Cambodian progress towards peace and free elections. Page 3

Scientist killed in lab

A scientist in a California laboratory was killed and three others hurt during tests related to nuclear "cold fusion" theories. They were handling a small steel cylinder at Stanford Research Institute International near San Francisco when it exploded.

Parretti hunger strike

Italian financier Giancarlo Parretti, arrested a week ago on suspicion of tax evasion, started a hunger strike after a judge in Sicily rejected his request for bail.

BUSINESS SUMMARY

GrandMet to take outright control of Cinzano

Grand Metropolitan, UK drinks, food and retailing group, is to acquire Cinzano, the Italian vermouth and wines company, in which it already holds a 25 per cent stake.

The outstanding shares will be bought from the Cinzano Merano family, which has owned the company since 1757, and Ifint, the investment company of the Agnelli group, in a deal estimated at between £80m and £100m. Page 8

POWER INDUSTRY: The Labour party said it was prepared to give up part, or all, of the government's 40 per cent stake in the UK's two electricity generating companies in order to regain control of the national grid without increasing public spending.
Page 22 and Lex

FIRST NATIONAL Finance Corporation, consumer finance and commercial banking group, plunged to a pre-tax loss of £33.7m in the year to October 31 after making provisions of £122m against bad debts on second mortgages and other lending. Page 8; Lex, Page 22

BCCI: The winding-up of Bank of Credit and Commerce International, closed by regulators six months ago, was triggered by the Luxembourg district court which ordered the liquidation of BCCI SA. This is not expected to interfere with talks over a compensation scheme for the bank's depositors.
Page 2

US COMMERCE Department announced a 0.6 per cent increase in US manufacturers' orders for November, but the rise was slower than in October and left new orders lower than the level reached this summer. Page 2

SUPERMARKET chains and other stores which opened on Sundays before Christmas are trying to force staff to sign new contracts of employment in order to avoid paying premium wage rates on Sundays, shopworkers' union Usdaw claimed. Page 4; Sainsbury price-cutting campaign, Page 4

BUILDING EMPLOYERS' Confederation warned that oversupply and depressed rental demand are preventing any real prospect of recovery in the commercial construction market before the mid-1990s. Page 5

GERMANY'S leading economic institutes have sharply reduced growth forecasts for 1992 and industrial confidence has plummeted, say researchers at the Institut der Deutschen Wirtschaft. Page 2

ESOPS: The government is coming under growing pressure to relax the conditions on statutory Esops (employee share option schemes) following the poor take-up since their introduction in 1989. Page 4

INSURANCE and pension funds' total net investments during the third quarter of 1991 fell by 2 per cent to nearly £9.4bn over the same period last year, says the Central Statistical Office. Page 4

HYUNDAI group founder and honorary chairman Chung Ju-yung has retired from business to start "a new venture" in South Korea, believed to be a political party. Page 10

KENYA'S private sector is taking advantage of a partial liberalisation of the foreign exchange controls to repatriate blocked dividends and pay for imports. Page 3

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
$1.8478	DM1.5445	2,504.1 (+11.3)
London:	FFr5.276	FT-A All-Share:
$1.8465 (1.8875)	SFr1.37805	1,193.57 (+0.4%)
DM2.855 (same)	Y124.735	FT-SE Eurotrack 100:
FFr9.745 (9.7475)	London:	1,087.01 (+8.82)
SFr2.54 (2.55)	DM1.5465 (1.5265)	New York lunchtime:
Y230.5 (232.5)	FFr5.2775 (5.22)	DJ Ind. Av.
£ index 91.4 (91.6)	SFr1.375 (1.3655)	3,184.48 (+12.07)
GOLD	Y124.85 (124.65)	S&P Comp
New York Comex Feb	$ index 61.1 (60.7)	417.09 (-0.17)
$351.9 (353.2)	US LUNCHTIME RATES	Tokyo: Nikkei
London:	Fed Funds: 4½%	Closed.
$352.15 (352.25)	3-mo Treasury Bills:	LONDON MONEY.
N SEA OIL (Argus)	3.93%	3-month Interbank:
Brent 15-day	Long Bond:	10¾% (10⅞%)
$18.275 (18.50)	108 3/16	Liffe long gilt future:
Chief price changes yesterday Page 22	yield: 7.47%	Mar 95 13/32 (Mar 94 13/32)

Maxwell directors told of cash transfers

By Robert Peston

NON-EXECUTIVE directors of Maxwell Communication Corporation were told three months before his death that Mr Robert Maxwell had transferred £275m in cash from the public company to his private interests.

The bulk of transfers took place between March 31, the end of MCC's financial year, and July according to an investigation carried out by Price Waterhouse, the accountants acting as administrators to MCC under UK insolvency law.

Mr Peter Laister, chairman of MCC and one of the non-executive directors, confirmed to the Financial Times yesterday that MCC's finance director, Mr Basil Brookes, had informed the non-executives of the transfers in August.

Mr Brookes had become alarmed at the size of the debt owed by Mr Maxwell's private companies and had been monitoring it "for a few weeks", Mr Laister said.

A government official with a close knowledge of the enquiry said the Serious Fraud Office (SFO) would be looking at the issue of why the non-executive directors did not tell MCC's shareholders in the summer about the transfer of funds out of MCC.

The SFO said yesterday it would be investigating all aspects of the the removal of cash and investments from MCC, as part of its probe into the collapse of the Maxwell empire.

Mr Laister said he was convinced that none of the non-executives was "party to anything associated with wrongdoing".

Though much of the loan by MCC was repaid by Mr Maxwell, the transfers have contributed to a reduction in MCC's net worth of at least £1bn and represent a substantial factor in the collapse of the Maxwell empire.

Under company law and stock exchange rules, shareholders normally need to be informed if a public company enters into a financial transaction with one of its own directors. In some cases, shareholder approval is required.

Mr Laister said he took legal advice from an independent firm of solicitors, Macfarlanes, when told about the inter-company loan. "If we had been advised that we needed to make an immediate shareholders' declaration, we would have done so. We were never advised that," he said.

"We were particularly concerned to make sure there were no breaches of the Financial Services Act." So the non-executives obtained letters from Mr Robert Maxwell and his son Mr Kevin Maxwell saying that the funds were not being used to purchase MCC shares.

It is illegal for a company to facilitate the purchase of its own shares without obtaining shareholder approval.

Mr Laister said the non-executives had been advised that the priority was to secure repayment of the funds. At a board meeting, they received a commitment from Mr Robert Maxwell that it would be repaid.

He said they were were told in the autumn by Mr Kevin Maxwell that the amount owed by the private companies had fallen to nothing. In the event, there was still £73m outstanding. In addition to these cash loans, there were other inter-company debts. Including these, the private companies owed MCC more than £350m in July.

Price Waterhouse has told banks, owed £1.3bn, that the pressure put on Mr Robert Maxwell by the non-executives to repay the loans to MCC may have led him to extract funds from his public companies' pension funds.

"We may take legal action against the directors," a banker said.

Running for cover: protesters supporting Georgian president Zviad Gamsakhurdia flee as gunmen open fire on them

Political battle over education intensifies

By John Willman and Alison Smith

THE political battle between the Conservatives and Labour intensified yesterday with the announcement of rival plans to improve reading standards in schools.

Details of government support for pilot projects to help poor readers were rushed out hours before Labour was due to announce plans for a national reading recovery programme.

The renewed interest in education follows the publication last month of the results of the first nationwide tests of seven-year-olds in England and Wales, which showed that more than a quarter had difficulty reading.

Labour's education spokesman Mr Jack Straw blamed 12 years of Conservative government, while Mr Kenneth Clarke, the education secretary, declared war on "progressive" teaching methods.
Continued on Page 22

Taking a leaf out of Dame Marie's book, Page 4

Gunmen open fire on Tbilisi demonstrators

By Neil Buckley in Tbilisi

MASKED gunmen from a Georgian opposition group opened fire on an unarmed crowd demonstrating in support of President Zviad Gamsakhurdia in Tbilisi yesterday, killing at least one person and wounding six.

Two of the gunmen were captured by demonstrators and one was beaten to death.

Earlier, Mr Gamsakhurdia, who has been besieged in a bunker beneath the Georgian parliament for 13 days by opposition forces denouncing him as a dictator and demanding his resignation, made repeated radio broadcasts to the nation.

He called for a general strike and campaign of civil disobedience against the opposition, which declared on Thursday that it was seizing power.

Some reports said the president had also appealed to Georgian men aged between 20 and 45 to come to the capital and defend his government.

Mr Gamsakhurdia was yesterday facing a second ultimatum from the opposition. It had given him until midnight last night (9pm GMT) to resign or risk an all-out assault on the government building. The president showed no sign of complying with the demands.

Rumours and panic spread through Tbilisi after the shooting outside the Didube railway station in the city's eastern suburbs.

More than 2,000 demonstrators had been listening to speeches and lighting candles in tribute to Mr Gamsakhurdia, in defiance of an opposition ban on public meetings. About 13 men, armed with Kalashnikov rifles and with their faces masked, arrived in three unmarked vehicles. The gunmen are believed to have been members of the Mkhedrioni, or Knights of Georgia, which describes itself as a patriotic group devoted to the defence of human rights and ethnic minorities, and is one of the largest groups in the loose opposition alliance.

They first fired shots into the air, apparently intending to frighten and disperse the demonstrators. However, when one section of the crowd started to move towards them, pelting them with rocks picked up from a railway embankment, the gunmen panicked.

One group left by car as another fired a smoke bomb and, when the demonstrators continued to advance, opened fire into the crowd with their automatic weapons.

One of the captured gunmen was thrust into the back of a nearby minibus. The crowd continued to hurl stones and
Continued on Page 22

Boost for London shares as sterling worries recede

By Peter Marsh and Alison Smith

SHARE prices in London last night closed at their highest level since mid-November, as worries about sterling receded and large investors took an optimistic view of economic prospects.

The developments will have cheered ministers, who in the run-up to the election will be looking for bullish sentiments from financial markets to help convince voters that the economy is on the mend.

Helped by a firm opening on Wall Street, the FT-SE 100 index of leading London shares closed up 11.3 at 2,504.1. In New York around noon, the Dow Jones Industrial Average was quoted at 3,184.48, a gain of 12.07.

In thin foreign exchange trading, the pound closed last night in London unchanged against a weak D-Mark at DM2.8550, increasing expectations that the Treasury might be able to ride out the next few weeks without a politically damaging rise in interest rates.

Currencies..............Page 11
London stocks........Page 13
Lex..........................Page 22
Markets ....Weekend II

The continuation of the rally in London stocks over the past two weeks, during which the FT-SE index has put on nearly 150 points, was aided by strong buying pressure from pension funds and other big institutions. Heartened by forecasts of a big increase in corporate profits this year as the economy gradually recovers, many large investors bought heavily in stocks such as as brewing, publishing and chemicals.

On currency markets, the pound suffered little selling pressure. That damped speculation that the government might have to follow the lead of other members of the European exchange rate mechanism and tighten borrowing rates to stop the pound falling to its effective ERM floor at about DM2.84.

Mr John Maples, the economic secretary, attacked the analysis by Labour that the tax burden had risen under the Tories. He said that though the tax burden had risen very slightly at all levels, living standards had risen sharply over the past 12 years, and Labour's public spending plans would be bound to raise the tax burden.

CONTENTS

UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430005; UK Company News 0836 430002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory ring (071)-925-2128.

Austria Sch30; Bahrain Din1.000; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.00; Germany DM3.20; Greece Dr250; Hong Kong HK$15; Hungary Ft162; Iceland IKR70; India Rup30; Indonesia Rp3,800; Ireland I£0.80; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils 500; Lebanon $L1250; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Morocco Dh11.00; Nigeria Naira25.00; Netherlands Fl3.50; Norway NKr15.00; Oman OR1.20; Pakistan Rs35; Philippines Peo 45; Poland Zl 18000; Portugal Esc180; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25.

Proceeds from Moscow and St Petersburg will go to poor

EC food sale plan to boost Russian reform

THE EUROPEAN Community will sell food worth $240m (£132m) in Moscow and St Petersburg over the next two months, with the proceeds being used to help the poorest people in Russian society, a senior EC official said yesterday, Reuter reports from Moscow.

"The food will be sold to support market reform. This is not profiteering, this is a policy of double support," EC Commission ambassador Michael Emerson said.

He was speaking one day after almost all prices were freed in the vast Russian Federation, ending communist controls which for 70 years had kept goods artificially cheap.

Russia's 150m people now face a sharp rise in their cost of living in the depths of winter.

Profits from the planned sales of EC food – which includes meat, powdered milk and butter – to those who can afford to buy would go into a special fund to help the poorest, Mr Emerson said.

The money would be accumulated at special bank accounts held by administrations in Moscow and St Petersburg.

Mr Emerson said the EC was *determined to help Russia* carry out its radical economic reform plan and to ease the hardships of the population during the transition to a market economy.

He said he hoped marketing the food would help bring at least some supplies to now-bare shop shelves.

Five per cent of the food would be distributed to the Russian poor directly and not sold, he said.

The specially formulated aid package, worth Ecu200m ($240m), was already being delivered by aircraft and truck to Russia's two biggest cities, Mr Emerson said. Sales would begin within a few days.

To prevent abuses, EC officials and specially-hired western experts would monitor delivery of the food to warehouses, which would sell it at what he called "reasonable" prices to shops which in turn would pass it on to consumers.

Before President Boris Yeltsin's attempts to move from a Marxist to a market economy, scarce food delivered to shops was traditionally hidden from customers and sold for bribes.

Tass news agency, meanwhile, reported yesterday that 2.5 tonnes of baby food gathered by an American peace organisation arrived in Moscow on Thursday and was delivered to orphanages.

Correction

Sergei Shibayev

Mr Sergei Shibayev is managing director of the Moscow office of accountants Coopers and Lybrand, rather than of Ernst and Young as stated in the Financial Times yesterday.

A Russian-built Antonov aircraft waits on the tarmac at Stansted Airport, Essex, unable to load nearly 300 tons of meat to help ease Russia's food crisis. The British Ministry of Agriculture said yesterday the flight, which was postponed yesterday for the second time, had been "delayed because of Russian red tape": Russian officials had been seeking assurances the meat was not contaminated by "mad cow" disease.

BCCI liquidation ordered by court in Luxembourg

By Richard Waters and Richard Donkin

THE winding-up of the Bank of Credit and Commerce International, closed by regulators six months ago, was finally triggered by a Luxembourg court yesterday, although this is not expected to interfere with talks over a compensation scheme for depositors.

The Luxembourg district court ordered the liquidation of BCCI SA, the Luxembourg-based part of the group which controls branches in many parts of the world, including the UK. This is the first step in what is likely to be a chain of similar judgments around the world, bringing the entire group into liquidation in the coming weeks.

The High Court in the UK is also due to consider a winding-up order against BCCI SA on January 14, while the Cayman islands-based BCCI Overseas, which controls the other main operations of the group, is expected to be placed into liquidation at the same time.

Representatives of Abu Dhabi, the bank's controlling shareholder, had argued before against a winding-up in the UK, and said this might jeopardise a compensation plan being backed by the Gulf emirate. However, talks over compensation between Abu Dhabi and Mr Brian Smouha, the Touche Ross partner acting as administrator of the Luxembourg parts of BCCI, were yesterday said to be on course.

Abu Dhabi representatives said the winding-up would not stop a later deal being agreed.

Meanwhile, PaineWebber, the US securities house, has told BCCI depositors it believes it could obtain for them a better deal in an alternative liquidation plan.

The PaineWebber plan estimates that it would be possible to achieve a final return for depositors of between 52 and 85 cents in the dollar. This compares with the existing forecast by Touche Ross, the provisional liquidators, of 30 to 40 cents in the dollar.

The plan envisages the formation of a new investment company to transform debt into equity and to manage out the assets of BCCI in an actively trading company.

Serbs in push for rump Yugoslavia

By Judy Dempsey

MR Slobodan Milosevic, the president of Serbia, yesterday rallied Serbs from neighbouring republics in a drive to form a smaller, rump Yugoslavia dominated by Serbia.

The meeting of Serbs from Croatia and Bosnia-Hercegovina, which took place in Belgrade, the federal and Serbian capital, coincided with the implementation of another ceasefire.

Forged earlier this week by *Mr Cyrus Vance, the UN* envoy, the latest ceasefire is the 15th. Its success is a precondition for the dispatch of UN peace-keeping troops to Croatia.

Croatia wants the troops in place as soon as possible, preferably before January 15, when the European Community recognises the independence of those republics which want it.

With the exception of Serbia and Montenegro, all the republics – Slovenia, Croatia, Bosnia-Hercegovina and Macedonia – have applied for EC recognition. However, some Serb-inhabited enclaves in Croatia are seeking their own status as states, as well as the Serbian-controlled ethnic Albanian province of Kosovo.

Yesterday Mr Mario Nobilo, an adviser to Croatian President Franjo Tudjman, said the chances for a lasting ceasefire were greater now because of a "shift in policy from the US following the break-up of the Soviet Union. The US now recognises that Yugoslavia cannot be held together."

But he expressed concern that if UN peace-keeping forces were not sent soon fighting would spread to other parts of the country.

These fears were confirmed during the conference of pro-Yugoslav political parties in Belgrade, an attempt by Serbia to unite under one roof the country's Serb communities.

"Let us as soon as possible reconstitute the Yugoslav state community and form a stable state with organs and institutions which are efficiently going to protect the interests of all citizens," Mr Brank Kostic, the vice president of the Serb-dominated collective presidency, said. The congress, not attended by Serbia's main opposition parties, is expected to agree on a draft resolution aimed at establishing a new parliament for a rump Yugoslavia, and create a framework for establishing borders for the new state.

NEWS IN BRIEF

Italian inflation misses target

By Robert Graham in Rome

ITALY ended 1991 with an annualised inflation rate of 6.4 per cent, against original government projections of 6.2 per cent, according to figures published yesterday by the national statistics institute, Istat.

This was nearly double the European Community average and compares with the 1990 rate of 6.1 per cent. However, the monthly increase in December of 0.3 per cent was the lowest for the whole year. The government hopes to bring the level below 5 per cent for the current year.

Last year the biggest increases were in housing, leisure and food items. Housing recorded the steepest rise, of 7.3 per cent; the smallest increases were in energy prices (5 per cent) and transport and communications (5.6 per cent). Energy prices reflected cheaper heating oil, while foodstuffs increases were in part accounted for by higher cigarette prices.

Discussion on Gatt response

Trade and agriculture ministers of the European Community are to meet in Brussels on January 11 to decide on a common response to the proposals for a world trade liberalisation agreement submitted by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade (Gatt) on December 20, our Foreign Staff writes.

This meeting comes two days before the deadline for country responses to the Dunkel text, which is intended to bring to a conclusion more than five years of trade negotiations in the Uruguay Round held under the aegis of Gatt.

Finance ministers to meet

Finance ministers and central bank governors from the seven richest industrialised countries have tentatively agreed on a meeting at the end of this month to discuss the world economy, Peter Marsh writes.

The meeting would be part of a series of top-level contacts involving the US, Japan, Germany, Italy, France, Britain and Canada. New York is the most likely venue, with a date of January 25-26 pencilled in.

Spanish miners begin strike

The northern Asturias coal-mining region ground to a virtual halt yesterday as 25,000 Spanish miners and their supporters heeded a general strike to protest at job cuts, AP reports from Oviedo.

Unions are protesting at a plan by state-owned Hunosa to cut 6,000 mining jobs by 1995. Hunosa is owned by the state holding company INI.

China recognises Uzbekistan

China and newly independent Uzbekistan have established full diplomatic relations, the official New China News Agency said yesterday, Reuter reports from Beijing.

It was the second member of the new Commonwealth of Independent States (CIS) to establish full ties with China.

China and Russia set up ties at the ambassadorial level on December 27. At the same time China recognised the 10 other CIS republics and Georgia.

Chinese deputy foreign minister Tian Zengpei and his Uzbek counterpart signed a joint communiqué in the Uzbek capital, Tashkent, yesterday, agreeing to establish ambassadorial-level relations as of January 2, the news agency said.

Paris Club meets on pact to delay Soviet debt payments

By William Dawkins in Paris

WESTERN creditor nations met yesterday to finalise an accord to delay until the end of this year repayment of principal on the former Soviet Union's official debt.

The meeting between the Paris Club of 17 creditor nations and a delegation from Vnesheconombank, the Soviet bank for foreign economic affairs, follows the end of the November agreement by the Group of Seven industrialised countries to allow deferral of about $3.6bn in repayments of principal due by the end of 1992, and to ask other creditor nations to follow suit.

Since then, eight of the republics have confirmed that they accept responsibility for the foreign debts and bank creditors have agreed to delay repayments of principal on commercial debt.

Lionel Barber adds from Washington: The US supports early consideration of membership of the International Monetary Fund and World Bank for Russia, Ukraine, Kazakhstan, Belorussia, Kyrgyzstan, and Armenia, Mr Nicholas Brady, US Treasury Secretary, said yesterday.

The US is establishing diplomatic relations with these six republics. Mr Brady said the US was ready to support other republics' membership once diplomatic relations were in place.

● *Vnesheconombank has injected* £70m into Moscow Narodny Bank to allow the UK-based institution to take additional charges against its Soviet loan exposure, AP-DJ reports.

Moscow Narodny, which halted unsecured lending to the Soviet Union more than a year ago, has thus raised its total capital to £190.3m, up 58 per cent.

Genscher urges EC to open joint embassies in republics

By Quentin Peel in Bonn and Leyla Boulton in Moscow

THE 12 member states of the European Community should agree to open joint embassies in each of the ex-Soviet republics, and urgently develop a new form of EC treaty to accommodate them, according to Mr Hans-Dietrich Genscher, the German foreign minister.

At the same time, he called on Nato to hold an emergency meeting of its newly formed co-operation council, at foreign minister level, to admit the ex-Soviet republics in place of the Soviet Union. Mr Genscher also urged their inclusion in the Conference on Security and Co-operation in Europe (CSCE) before the end of this month.

Mr Genscher spelt out his ideas for an urgent reassessment of western policy towards eastern Europe and the ex-Soviet Union, the newly formed Commonwealth of Independent States, in a newspaper interview published today.

He called on all EC member states to agree on joint embassies in the former Soviet republics, as a way of promoting a common foreign policy in a concrete way, and answering their immediate need for a string of new missions.

"If all 12 [EC members] are not ready for such a step, then we are determined to undertake such a step along with individual member states," he told the Mitteldeutsche Zeitung, published in his home town of Halle.

"I think it is necessary for Germany to be represented in all these republics," he said.

Meanwhile Russia said yesterday it was prepared to represent other republics at the former Soviet embassies it has taken over all around the world.

Stamp-collector turns to world of business

Leyla Boulton in Minsk meets one of a vital new breed of entrepreneurs

IN THE old days of Soviet power, Mr Anatoly Kiryushkin, a trained geologist who earned his living as a graphic artist, channelled his talents into stamp-collecting. But nowadays he has no time for stamps. He has joined a pioneering class of small entrepreneurs, on whom the success of market reforms in the former Soviet Union largely depends.

Ten years ago Mr Kiryushkin was predicting a rapid end to the dictatorial communist system under which he and his compatriots were still living. Still cautious, however, after five years of perestroika, he decided to set up a small business only last spring. "It was then I decided that the changes were irreversible," he says – though his wife Ira still mocks his business activities because she fears the Communists could still "come back and take everything away".

Mr Kiryushkin, 40, does not share his wife's fears of a political cataclysm. But given the collapsing distribution system and the prospect of hyperinflation as real market reforms begin, he is glad that his Minsk typesetting bureau, which also produces fonts for desktop publishing, relies on few inputs. "All we need are our computers, electricity and our brains," he says.

Having increased turnover 10 times to Rbs150,000 for last month, he still sees the greatest threat to his business as high inflation and the fact that his fledgling business is still dependent on a few large customers. When the cost of computers was tripled in November, he was locked into keeping his fees at the same level, but was almost bankrupted when one customer delayed payment for a particularly big contract by five weeks.

The company, registered as a small business under Soviet legislation which gave him a *two-year tax holiday*, is housed in two rooms of a student hostel. He pays a modest rent of Rbs177 a month per room but is looking for better premises "now that we have more money".

The new office will also have a telephone, Mr Kiryushkin hopes. The local authorities told him he could only have a telephone connected at the hostel if he gave them a brand-new refrigerator, which, when they can be found at all, would cost Rbs5,000, double the official price of installing a telephone.

The authorities in newly-independent Belorussia are also proving unpredictable. They are cancelling all tax concessions awarded by the old Soviet authorities to new businesses, says Mr Kiryushkin, but they have not yet published the rates for the taxes they intend to charge for 1992.

"Even the tax authorities say they do not know what they will be asking us for," he complains.

The company, Nestor, employs eight full-time staff and 15 freelances. Basic salaries are relatively low for the new business sector at Rbs600 a month, but thanks to a piece-work system – which he devised to make people work harder than at their old state enterprises – staff take home between three and six times as much.

Asked where he learned to run a business at a time when foreign technical assistance is designed to help people learn how to operate a market economy, Mr Kiryushkin says he is indebted to his stamp-collecting – the only form of entrepreneurial activity allowed 10 years ago.

The success of his business would also have been unthinkable without the personal contacts which have oiled the heavy machinery of Soviet life for decades. Mr Kiryushkin was able for instance to buy his first computer without a bank loan because a friend ran a computer import enterprise and agreed to let him pay by instalments.

Thus, Nestor was started up with Rbs5,000 in personal savings ploughed in by Mr Kiryushkin the chairman with a 55 per cent stake, and Mr Vladimir Kotov, a journalist who is the managing director, with 45 per cent.

Mr Kiryushkin is determined to avoid having to borrow money from the bank, because he does not want to be dependent on a bank manager and says he can borrow money more cheaply from other businesses.

But despite his firm belief in the success of a market economy, Mr Kiryushkin agrees with his wife that some aspects of the new order are still fragile – in particular the transformation of Belorussia into an independent state now officially called Belarus.

A Russian, Mr Kiryushkin is upset that he is now officially a foreigner living in a foreign country, but he also believes that it will not be long before Belarus, an artificially created independent state, rejoins Russia in some form or another.

German economic confidence declines

By Christopher Parkes in Bonn

GERMANY'S leading economic institutes have sharply reduced their 1992 growth forecasts and industrial confidence has plummeted, according to researchers at the Institut der Deutschen Wirtschaft (IW) in Cologne. Investment budgets have been pruned, and leading employers are preparing to reduce their payrolls.

Four of the seven main organisations questioned by the IW now expect gross domestic product to grow by only 1.5 per cent, with the remainder expecting 2 per cent, compared with 3.5 per cent during 1991. Last autumn they were expecting a 2.5 per cent improvement.

"The institutes have seldom been so gloomy," the IW said. Arguing that all the causes of weakness were "home-made", it blamed over-generous 1991 pay rises and a worsening of the investment climate following the recent half-point increase in German interest rates. Increased taxes and duties also played a part.

Progress could be even slower if the economists' optimism about the growth in sales to reviving export markets – estimates range between 4 and 6 per cent – proves ill-founded. Sales outside Germany account for more than 40 per cent of gross domestic product.

The forecasts also allow for pay settlements lower than the 6 to 7 per cent rises awarded last year. Unions which have so far put in their claims are demanding 10 per cent increases.

A separate IW poll of confidence in 39 key industrial sectors showed 30 starting the year in pessimistic mood. Only foreign trade companies said their situation was better than a year earlier. Oil and plastics companies, hotel owners, publishers, clothing and food makers claimed their position was unchanged.

US economy faltering

By George Graham

THE US economy has entered the new year with most indicators pointing to continued weakness.

Despite the resurgent stock market, a series of economic statistics this week has pointed to faltering activity in November and December, and to a scarcity of confidence that coming months will show any swift upturn.

The Commerce Department yesterday announced a 0.6 per cent increase in US manufacturers' orders in November, but the rise was slower than in October and left new orders lower than the level they reached this summer.

The outlook for manufacturing remains clouded with doubt. The National Association of Purchasing Management, whose monthly survey provides a measure of prospects for the sector, said on Thursday that its index had fallen in December to its lowest level since May.

Mr Robert Bretz, chairman of the NAPM business survey committee and director of corporate purchasing at Pitney Bowes, said manufacturers seemed to be waiting for new orders before expanding production, which would suggest a continuation of the economic malaise into the first quarter of 1992.

Earlier, the Conference Board, the New York-based business analysis group, said its index of consumer confidence showed a further drop in December to remain at the lowest level for a decade, while the Commerce Department said its index of leading indicators, which combines a number of economic statistics to provide a composite gauge of the health of the economy, fell 0.3 per cent in November.

The December leading indicators are likely to show an increase because of the recent sharp rise in share prices, which form part of the index.

Economists cautioned, moreover, that these signals did not show any further deterioration in the economy beyond the weakness that prompted the Federal Reserve Board to cut its discount rate by a full percentage point last month to 3.5 per cent, the lowest since 1964.

"I don't have the sense from recent data that things are getting dramatically worse. We're in a long, slow, convalescing period unlike any business cycle of the past," said Mr Richard Berner, director and economist at investment bank Salomon Brothers.

Washington budget battle begins

By George Graham in Washington

THE battle over the future of the budget agreement that has curbed US government spending since 1990 opened yesterday as the US Congress returned to Washington for its first session of 1992.

President George Bush said he saw "room for some manoeuvring" within the limits imposed by the budget pact, although he wanted to preserve the ceiling on overall spending.

In Congress, meanwhile, leading Democrats called for an end to the budget agreement's spending curbs to allow radical measures to stimulate economic growth.

These opening shots foreshadow a battle in earnest when Mr Bush announces his plans for an economic growth package on January 28 and in the 1993 budget he is due to propose in February.

In a television interview due to be broadcast last night, he said cuts in defence spending could be used to increase domestic spending or to reduce the federal budget deficit.

The 1990 budget places separate caps on domestic, defence and foreign discretionary spending, and forbids any transfer of funds from one category to another. However, these separate caps are due to expire in the 1994 budget, allowing money to be shifted from defence to domestic spending.

Mr Bush, who is visiting Singapore as part of a 12-day Far East trip, said he wanted to live within the caps, but there were ways to juggle spending among the different categories, although this would require new legislation.

While the budget agreement already programmes a 6 per cent reduction in defence spending to $295bn (£162bn) in the 1993 budget, the administration is now considering cutting $50bn more from defence spending over the next five years.

In Congress, meanwhile, Senator Paul Sarbanes, chairman of the joint economic committee, and Senator Jim Sasser, chairman of the Senate budget committee, called for a package including federal grants to local government in order to pull the economy out of recession.

Mr Sasser said that unlike previous recessions, where the government had provided a fiscal stimulus, this recession was being prolonged by fiscal contraction at all levels of government which he described as "de facto Hooverism".

"Getting this economy back on its feet is a condition precedent to getting the deficit under control. We have got to have a short-term recovery before we can have long-term fiscal health," he said.

His counterpart in the House of Representatives, Congressman Leon Panetta, is now almost alone in attempting to preserve the discipline of the budget agreement.

Mr Panetta warned recently that although the federal budget deficit is likely to fall from a peak of $362bn in the current fiscal year to $179bn in 1996, it will grow again to $335bn by 2001 under the influence of slow long-term economic growth, rising medical costs and the lingering debt service cost of cleaning up failed Savings and Loans and banks.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

West shelves threat of sanctions against Libya

By Lionel Barber in Washington and Mark Nicholson in London

THE US, Britain and France have shelved plans to seek United Nations sanctions against Libya for its alleged role in the Lockerbie bombing, western diplomats said yesterday.

The tactical retreat, led by the US, follows soundings within the 15-member UN Security Council which revealed that several countries had reservations about supporting sanctions.

A diplomat involved in the discussions said that no final decisions on future action had been made, but it was clear that "sanctions are not going to move very quickly" within the Security Council.

The US, Britain and France are instead preparing to draw up a resolution demanding that Libya hand over agents accused of planting bombs on both the Pan Am flight which exploded over Lockerbie in 1988 and a French UTA airliner which blew up over Niger the following year.

Drafts circulating at the UN headquarters in New York yesterday reiterated previous demands for Libya to hand over the suspects, while condemning the mid-air bombings.

Libya denies any part in the bombings, but has detained the two agents accused of masterminding the Lockerbie bombing and says it is holding its own inquiry into the case. It has also invited western judges to Libya for any trial of the two men.

However, Britain and the US insist that the men be handed over to a "competent court", either in Scotland or the US.

If Libya fails to comply, the three allies are likely to seek further steps through the UN, including possible sanctions such as a halt to all international flights to and from Libya and banning the sale of commercial aircraft, spare parts and airline-related equipment. Tougher measures such as a boycott of Libyan oil are possibilities.

Although Britain and the US have refused to rule out possible military action against Libya over the bombings, a British official yesterday conceded that the Security Council was unlikely to pass any resolution advocating force.

British officials were yesterday at pains to play down the thrust of reports in the Washington Post and reported comments from diplomats in Cairo suggesting that sanctions against Libya had been ruled out absolutely.

"There is no weakening of resolve on this issue whatsoever," said one. "Britain, France and the USA are determined to bring this affair to a satisfactory conclusion."

Easier exchange controls boost Kenyan business

By Julian Ozanne in Nairobi

KENYA'S private sector is taking advantage of a partial liberalisation of the hitherto strict foreign exchange controls to repatriate blocked dividends and pay for imports.

Nairobi bankers and businessmen said yesterday that the freely convertible foreign exchange certificates of deposit, introduced by the government last October under its structural adjustment programme, had given the private sector a small boost of confidence in an otherwise gloomy economic environment.

According to bankers at least $6m-$7m of the certificates have already been issued by the Central Bank of Kenya and about half have been redeemed. Demand for the certificates is high among foreign banks and companies desperate to repatriate an estimated $60m (£33m) of dividends blocked from 1989 and 1990 and importers previously denied foreign exchange allocations.

An embryonic inter-bank market in the certificates is beginning to develop as commercial banks catch on to the pilot scheme. The certificates are trading at a premium of 12-15 per cent above the prevailing rate of exchange – about 5-10 per cent below the black market rate for the Kenya shilling.

Until the policy was introduced foreign companies had to wait up to 30 months for the Central Bank to unblock their profits which, while earning 17-18 per cent interest, were suffering from a weakening currency. The Kenya shilling depreciated against the US dollar last year by 17 per cent.

So far the scheme has remained limited because the biggest denomination for the certificates is $10,000 and few bankers have caught on to trading the certificates. The government has also yet to include the export of goods and services under the regulations.

Furthermore, foreign exchange flowing into the country has slowed to a trickle as donors have suspended aid programmes because of corruption and economic mismanagement, and investors, apart from a few in the tourism sector, remain cautious about the economic prospects. Estimates suggest that Kenya's foreign reserves could be as little as 3-5 weeks of imports.

Kenyan businessmen are hoping that, faced with a critical shortage of foreign exchange in the next four months, the government will stand by, and even expand, the scheme and squeeze public sector imports instead.

Campaigning Bush lashes out at the EC and Japan for protectionism on the last day of his trip to Australia

US president to announce end of trade embargo on Cambodia

By Lionel Barber, US Editor, in Washington

PRESIDENT George Bush is expected today to lift the 16-year-old US trade embargo on Cambodia in recognition of the progress toward peace and free elections in the country once ravaged by the Khmer Rouge.

The announcement would mark a further step toward laying the legacy of the Vietnam war to rest, and Mr Bush is expected to unveil it in a speech in Singapore, the second stop on the president's four-nation Pacific tour.

Mr Bush has made expanded trade with the region his top priority during his 12-day trip, but he arrived in Singapore yesterday prepared to deal mainly with security issues stemming from the forced US withdrawal from Subic Naval Base in the Philippines.

Mr Bush is looking to Singapore to help fill the gap, allowing the US to show its Asian allies that it intends to retain a major military presence in the region despite the end of the Cold War.

One specific US proposal is to move its Naval Task Force Command headquarters from Subic Bay in the Philippines, including the relocation of up to 200 personnel which form the Seventh Fleet's logistical unit.

Mr Bush will raise the issue in talks today with Singaporean President Wee Kim Wee and Mr Goh Chok Tong, the prime minister. Initial signs are encouraging that an agreement can be reached, according to a senior US official.

The official said: "We're coming here to an end of one age and the beginning of another in terms of the Cold War. It's important to see Singapore as part of a network of basing facilities around the Pacific."

If the two sides reach agreement it would expand their 14-month-old bilateral pact allowing the US expanded rights to use Singaporean bases. The US is also expected to approach Malaysia and Thailand to open their ports, boosting a security network that already includes Japan, South Korea, Guam and Hawaii.

During his visit, Mr Bush will also meet Mr Lee Kuan Yew, who ruled Singapore for more than 31 years. Mr Lee, who stepped down in November 1990, remains the dominant political presence behind the scenes.

On his first stop in Australia this week, Mr Bush was roasted by farmers complaining about US export subsidies for wheat. But the president, often sounding like a candidate for re-election rather than a head of state, sided vigorously with American farmers and lashed out at Japan and the European Community for protectionism.

Mr Bush is being accompanied on his trip by 21 senior US corporate executives, including the top three Detroit car manufacturers. He has warned several times that he expects trade concessions from Japan, raising alarm in Tokyo where he arrives next week.

The US trade embargo against Cambodia has been in effect since April 1975. After the UN-sponsored peace accords were signed in Paris in November between Vietnam and members of rival Cambodian factions, including the Khmer Rouge, the US sent a special envoy to Phnom Penh to work out peace arrangements and free elections.

Mr Bush's speech will be watched closely for signs that he may be willing this year to lift the trade embargo against Vietnam. The two former adversaries have been edging toward normalisation of relations over the past 18 months, a process slowed by US concern over missing servicemen from the Vietnam war.

● Cambodia said yesterday it would free 400 more political prisoners, but the International Red Cross said Phnom Penh was violating the peace accord by not freeing all such prisoners, AP adds from Phnom Penh.

Fraud is alleged in Algerian election

By Francis Ghilès in Algiers

ALGERIA'S constitutional court has received at least 300 claims from political parties alleging fraud in last week's first multi-party general elections.

The claims affect 100 out of 430 constituencies. About half have been lodged by candidates of the ruling National Liberation Front (FLN). The FLN polled 1.5m votes, compared with more than 3m for their opponents in the Islamic Salvation Front (FIS). But the FLN won only 15 seats, against 188 for the FIS.

Reuter adds: A Moslem fundamentalist, Abdelkader Moghni, newly elected to parliament, said yesterday that democracy was atheism and Islam offered the only true freedom.

He told Friday prayers: "On December 26 the Algerian people said its last word. It was the victory of Islam and the defeat of democracy, which is pure atheism."

Lubbers to visit South Africa

Mr Ruud Lubbers, the Dutch prime minister and Mr Hans van den Broek, his foreign minister, will visit South Africa next month.

It will be the first official visit to South Africa by a Dutch prime minister since the 1950s. The two are expected to meet African National Congress leader Mr Nelson Mandela.

Despite cultural and religious ties between the two countries dating from the 17th century, The Netherlands has long been one of the fiercest critics of apartheid.

More French troops for Chad

France yesterday began to reinforce its five-year-old military presence in Chad, following attacks against the government by rebel forces believed to be loyal to former president Hissène Habré.

Union claims Sunday work pressure

By Ian Hamilton Fazey, Northern Correspondent

SUPERMARKET chains and other stores which opened on Sundays before Christmas are trying to force staff into signing new contracts of employment in order to avoid paying premium wage rates as Sunday opening becomes permanent, Usdaw, the shopworkers' union, claimed yesterday.

Usdaw said several large retail employers are trying to follow the example of Woolworth, where all new employees taken on since last April have been on contracts which define Sunday as a normal working day, attracting no overtime payments.

These workers can get time-and-a-half pay for Sunday if they work 39 hours during the rest of the week, but Mr Pat Jones, for Usdaw, said that most workers were women part-timers who would rarely be called upon to work a full week.

Woolworth employees who were with the company before April get double-time pay for Sundays, irrespective of which other days they work or whether they work Sundays within a 39-hour week. Mr Jones said this can mean workers receiving different pay for the same work in the same store.

He added: "We have evidence that supermarket chains which opened illegally before Christmas enticed sufficient staff to volunteer by paying double-time – over £30 for five or six hours' work. Now they plan to make Sunday work compulsory for single-time, or at best time-and-a-half. We fear that some employers will simply give three months' notice to staff who won't comply."

Usdaw is particularly angry because retailers who have given evidence to past parliamentary committees on Sunday opening, claimed then that premium payments would make Sunday trading very attractive to staff. Premium payments are also part of a "Shopworkers Charter" drawn up by the Shopping Hours Reform Council, a pro-Sunday trading pressure group in which Kingfisher, Woolworth's owner, is prominent.

The union will name the retailers concerned on Wednesday, when Mr Jones said store employees would give their accounts of what their employers had proposed to them.

"The extra trade which even the more successful Sunday openers did over Christmas and the new year has not been sufficiently profitable to cover seven-day working with double-time, so now they want to cut Sunday rates. Without paying double-time, they won't get enough volunteers, apart from casual staff," he added.

Usdaw admits some difficulty in organising retail employees, partly because of the increasing number of part-time women joining the workforce.

Recession and joblessness are also on the employer's side, since many employees reason that any job is better than none. Even a place with a strong trade union tradition such as Merseyside may put jobs before industrial action.

The busy Crosby branch of J. Sainsbury, for example, has advertised no local vacancies on its in-store noticeboard for months, with only the company's graduate training scheme seeking recruits.

J. Sainsbury to cut cost of foods by up to a third

By John Thornhill

RENEWED price skirmishing is set to break out in the food retailing sector as J. Sainsbury, the UK's biggest grocery chain, revealed yesterday it would be launching an aggressive price promotion campaign on Monday.

Although it will not release details of the price-cuts until tomorrow, the company said it would be discounting some items by up to one-third.

The offer will run throughout this month in J. Sainsbury's 310 supermarkets and its nine Savacentre hypermarkets. The offer will be in addition to the normal price promotions the company has on 1,000 of its 17,000 lines every week.

The move raises the spectre of a full-scale price war in the grocery trade, although some analysts dismissed that possibility.

"It's media-manipulation time again," said Mr Philip Dorgan, food retailing analyst at Goldman Sachs, the US investment bank. It is not in Sainsbury's interests to start a price war, but it is in its interests to be seen to be price-competitive."

Mr Dorgan added that J. Sainsbury might be trying to capitalise on the favourable publicity it received in a recent survey by Which? magazine, which named the company as Britain's "favourite supermarket".

Other grocery chains have adopted a more aggressive approach to pricing in recent months. In August, Tesco ran a much-publicised "Why Pay More?" campaign. At the end of last year, Gateway set up 15 discount superstores under the Food Giant banner.

Although J. Sainsbury traditionally runs a price campaign at this time of year, the cuts are expected to be deeper than usual.

The move seems to be a change of tactic by J. Sainsbury. It has long argued that it does not need specific price campaigns because it is engaged in a permanent state of price promotion.

At the time of the group's annual results presentation in November, Lord Sainsbury, chairman, said: "I believe we are in a highly competitive trade and in that sense we are in one long price war."

The move unsettled the City, which marked J. Sainsbury shares down 14p to 359p, while shares of the other leading food retailers were also hit. Tesco fell 7p to 225p, and Argyll Group, which runs the Safeway chain, dropped 8p to 274p.

Main oil companies cut price of petrol

THE main oil companies are hitting back at the supermarket chains by slashing petrol prices in a potential price war, Deborah Hargreaves writes.

Shell, Texaco and Mobil followed rival oil companies Esso and BP in cutting up to 8p from the price of a gallon yesterday.

The cuts follow a sharp decline in the price of oil on world markets – North Sea crude has slipped by $5 a barrel to $18.50 a barrel in the past month. But the companies are also trying to win back market share lost to the aggressive pricing policies of the supermarkets.

Supermarket chains Safeway and J. Sainsbury yesterday matched Tesco's cut of 8p a gallon. Tesco has been the leader in the petrol-price battle and is offering all fuel at less than £2 a gallon.

The supermarkets are now offering fuel at 16p less than the main petrol-station chains. The supermarkets are charging 183.2p a gallon for unleaded fuel and 199.6p for four-star. This compares with oil company prices of 199.6p for unleaded and 216p for four-star.

Pension funds cut rate of investment

By Andrew Jack

TOTAL NET investments by insurance and pension funds during the third quarter of 1991 fell by 2 per cent to nearly £9.4bn compared with the same period last year, according to Central Statistical Office research released yesterday.

There was a substantial shift away from short-term investments, and particularly UK ordinary shares.

The CSO's analysis of a sample of pension funds and companies showed investments by public and private pension funds were £3.9bn, while holdings in long and short-term funds by insurance companies were £5.4bn.

There were substantial declines in holdings of short-term assets, with a net fall of £185m in short-term investments by insurance companies in the three-month period.

Net investment in UK shares by pensions funds fell 53 per cent to £1.8bn and that by insurance companies fell 57 per cent to £1bn.

Investment in overseas ordinary shares increased correspondingly during the period to £5.2bn for insurance and pension funds.

Total long-term insurance funds were £5.6bn, £600m above the previous quarter and £800m above the third quarter of 1990.

Net investments by pension funds in UK property rose to £300m, however. This is the highest level since the last quarter of 1987. Net investment in property by long-term insurance company funds was £400m, slightly more than in the previous five quarters.

Call to speed up planning decisions

By Richard Evans

LOCAL authorities were urged to speed up their handling of planning applications yesterday following evidence that their record continues to fall well short of the government's target.

The proportion of decisions taken within eight weeks in the April to June period last year was, at 60 per cent, a significant improvement on the 52 per cent a year earlier, and 48 per cent in the corresponding period of 1989.

However, it remained far below the target set by the government that authorities should make a decision on 80 per cent of applications within eight weeks.

The number of planning applications received by authorities between April and June last year fell by 6 per cent compared with the same period in 1990, but the number of decisions taken also fell by 11 per cent.

Commenting on the statistics published yesterday, Mr Tim Yeo, environment minister, said that he was encouraged by the latest performance figures, which showed that the trend towards quicker planning decisions was continuing.

"But there remains much room for improvement," he said.

"There has been a steady and significant fall in the number of planning applications in recent quarters – the April-June 1991 figure of 137,000 compares with a peak of 178,000 in the January-March quarter of 1989 – but performance has not improved as much as I would have expected in these circumstances.

"Moreover, the average of 60 per cent of decisions within eight weeks conceals a very wide range of performance between the consistently best- and worst-performing authorities.

"This degree of variation is a cause for concern, especially where local planning pressures appear similar."

Mr Yeo urged local authorities to take advantage of the fall in the number of new applications to speed up their handling of cases, and to ensure that their management of the development control process was as efficient as possible.

Art of staying afloat in a cold climate

Michael Skapinker assesses the mood of British boatbuilders

PEOPLE buy pleasure boats when they are feeling wealthy, says Mr Edwin Paul, and the British are not feeling particularly wealthy at the moment. "I reckon people have got the cash but not the confidence," he says.

All the same Mr Paul sold five sailing boats on New Year's Day, the first day of the 1992 London International Boat Show at Earl's Court.

Last September Mr Paul led a management team to buy Westerly Yachts, which went into administrative receivership in May last year, from the receivers for £2.2m. Renamed Westerly Yacht Construction, it will sell 80 boats this year, compared with its previous annual average of 250.

Doctors are still buying boats, but the owners of cash-strapped small and medium-size companies are not. Mr Peter Thomas, Westerly's sales director, says the decline of the building industry probably means the two bricklayers who bought a yacht two years ago will not be after a bigger boat.

Mr Paul Wagstaff, chief executive of the British Marine Industries Federation, insists Westerly going into receivership was not typical. No more than a handful of the federation's 1,400 member businesses failed last year, he says. This year's boat show is the biggest ever.

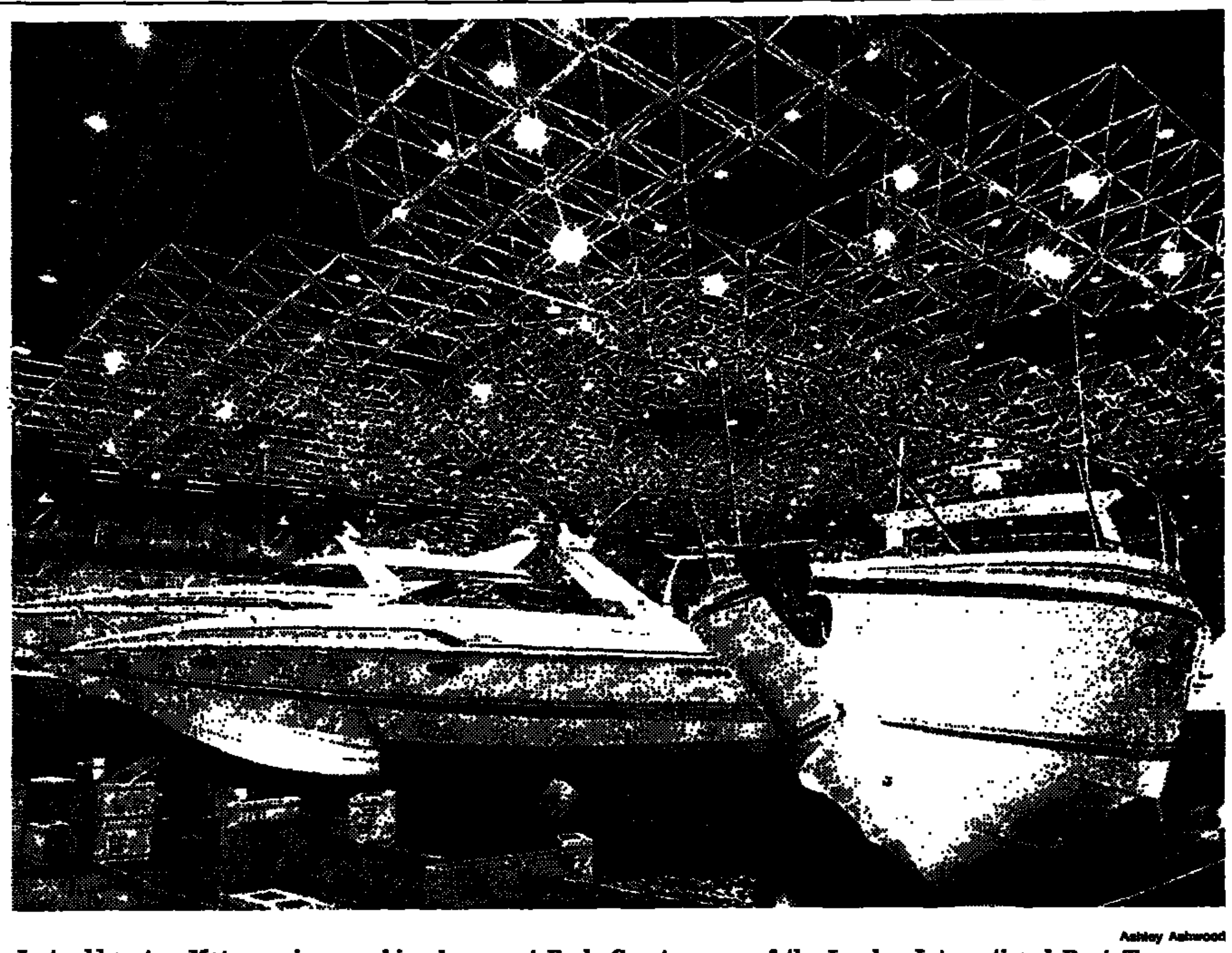
Mr Wagstaff says a dearth of British buyers resulted in the turnover of the UK pleasure boat industry falling by up to 20 per cent last year from £1.36bn in 1990. The success of exports, which account for 50 per cent of revenues, has saved it from the shake-out experienced in other sectors.

In spite of the UK's decline as a shipbuilding nation, Britain remains surprisingly successful in the manufacture of pleasure boats and related equipment. The 650 exhibitors at Earl's Court, many of them UK-based, will spend the next week showing off everything from navigational aids to streamlined power boats that look as if they would be more at home in space.

Mr Wagstaff says although the sector employs only 20,000 people, the UK pleasure boat industry vies with that of France for the title of the biggest in Europe.

"Well, you've got to put the hype out, but everyone's suffering," says Mr Robert Braithwaite, managing director of Sunseeker International, one of Europe's biggest manufacturers of power boats. "People who are not exporting are suffering very badly." Sunseeker has responded to the UK recession by increasing exports from 95 per cent of production to 99 per cent.

Continental Europe accounts for 60 per cent of Sunseeker's sales, with the rest divided between North America, the Far East and Japan. "There's no market that's booming, but we've been working on Japan for four years. There's luck in business and the Japanese market suddenly took off for us," Mr Braithwaite says.



Ashley Ashwood

Just add water: Motor cruisers seeking buyers at Earls Court, venue of the London International Boat Show

The company has eight months of orders, compared with the 12 months it usually achieved before the recession. "I'm very pleased to have eight months, I can tell you," he said.

Some smaller, more specialised UK manufacturers have been less affected by the recession. Mr Sean McMillan, managing director of Suffolk-based McMillan Yachts, which makes custom-built wooden boats, expects 1992 to be his first profitable year since he founded the company five years ago.

Mr McMillan, a fine-arts graduate of Newcastle University, eschews the industry's move towards computer-aided design, preferring to draw yachts by hand to meet each customer's individual requirements. The average price of his yachts is £100,000, but they can sell for much more than this. At his Earl's Court stand is a drawing of a 78ft schooner designed for a group of Swiss businessmen. If the deal comes off McMillan will sell the boat for £1.5m.

He says: "The recession has affected us only inasmuch as we haven't seen as many UK purchasers as we would have liked. But we've had a comparatively easy time because of the overseas market. In our business you're looking for only half a dozen buyers worldwide and they're not difficult to find."

In spite of the lifeline provided by exports, Mr Wagstaff says the industry has worked hard over the past decade to market pleasure boating as an activity which is not confined to the very rich. The cheapest boat on offer at Earl's Court is a 6ft glass fibre dinghy which sells for £169 excluding VAT. There are many other boats on display with price tags in the hundreds rather than thousands of pounds.

Mr Wagstaff's federation sponsored 16 events in the UK last year at which beginners were encouraged to try their hands at boating. It has also launched a subsidiary called Schools Afloat to tell local education authorities about boating facilities in their area.

The federation has targeted other markets. It makes presentations to seminars for the newly-retired.

Gold and currency reserves up $382m

THE underlying level of Britain's gold and foreign currency reserves rose by $382m (£212.2m) last month, boosting the government's resources to defend the pound.

The rise, which was larger than expected, takes into account proceeds of $335m from sales to the public of BT shares, and $100m from other countries in payments towards the costs of the Gulf war.

It is thought the Bank of England intervened modestly on currency markets in December to support sterling, spending $50m from the reserves. More intervention might become necessary should the pound continue its weak showing of recent weeks.

The overall level of the reserves, which takes into account areas such as Treasury bill transactions, rose by $211m in December, bringing the total at the end of 1991 to $44.18bn.

Conference shop planned for north

A ONE-stop shop for conferences in northern England was launched yesterday by Mr Bernard Owen, head of Greater Manchester's conference bureau.

The Northern Conference Bureau will offer nearly 500 venues in an area spanning Liverpool, Manchester, Leeds, Bradford, Sheffield and Hull. It will keep updated information on conference facilities.

Ports police seek judicial review

THE PORT of London Police Federation is seeking a judicial review into the decision to transfer the Port of London Police into the control of the newly-privatised Tilbury Docks.

The ports police, whose jurisdiction extends over the Port of London area from Teddington Lock to the Nore, are seeking a declaration that there is no statutory authorisation for the transfer.

Job cuts by nappy producer

By Chris Tighe

SWADDLERS, the Gateshead, Tyne and Wear producer of the UK's second most popular disposable nappy brand, Togs, is shedding 75 jobs.

The company is blaming price cutting by retailers of Procter & Gamble's Pampers brand, which has about 68 per cent of the UK disposable nappy market.

Togs has a 9 per cent market share, compared with 14 per cent early last year, when Swaddlers employed 250 people. Mr Jim Clough, the managing director, said yesterday the company's 1991 turnover would be about £27m, 5 per cent to 6 per cent lower than in 1990.

Mr Clough said Swaddlers had the support of its Italian parent, the Angelini Group. He was hopeful there would be no more redundancies.

The cuts, which will reduce the Swaddlers workforce to 150, are the second blow to hopes of making disposable nappy manufacturing a growth sector in the north-east's economy. Last year Blue Ridge Care, of Consett, Co Durham, went into receivership with the loss of 125 jobs.

Government urged to relax share trust rules

By David Goodhart, Labour Editor

THE GOVERNMENT is coming under growing pressure to relax the conditions on statutory employee share option schemes (ESOPS) following the poor take-up since they were introduced in 1989.

Fewer than a dozen companies have set up the trusts, which buy shares on behalf of employees, in spite of the tax advantages that have been introduced to make them more attractive.

Organisations such as the ESOPS Centre, the information and lobbying group set up to promote employee share ownership plans, argue that the conditions associated with the schemes are too onerous.

The centre says that the government should, as a first step, ease the regulation which requires the schemes to have three employee trustees, and should also lift the restriction which prevents foreign-owned companies from setting up schemes. The government, with the strong personal backing of the prime minister, is keen to promote the financial participation of employees in companies through share schemes or profit-sharing, and is expected to take some action on this front in the Budget, as it has done in 11 out of the last 12 Budgets.

The government has also welcomed the intervention of the European Commission. It has issued a non-binding recommendation aimed at promoting employee participation in profits and equity.

The recommendation, part of the social action programme, seeks to promote best practice in the field. It also proposes setting up a working party to examine the possibility of an EC-wide scheme.

The Department of Employment, which is inviting responses from business on the recommendation, would not welcome statutory measures, but says it "welcomes the European Commission's recognition of the importance of financial participation".

The department adds: "The government considers that the Commission can make a constructive contribution in this area by disseminating information and promoting good practice."

Joblessness rises for ex-trainees

By Lisa Wood, Labour Staff

THE NUMBER of adults out of work three months after taking part in the government's main training programme continued to increase in 1990-91, according to a government survey.

The figure of 58 per cent for those leaving Employment Training was 5 percentage points worse than for the year to July 1990.

ET has been a controversial scheme. The Treasury this year unsuccessfully sought to cut its budget, justifying the move with its forecast that fewer than three people out of 10 would find a job after completing the scheme in 1992-93.

Training and Enterprise Councils (Tecs), which now administer the scheme, are seeking to reform it. Many are trying to relate ET more closely to real job opportunities. At present long-term unemployed adults may obtain training for skills for which there is no local demand.

According to the ET leavers survey for 1990-91, the proportion out of work after completing the scheme in the west Midlands and the north of England rose to more than 60 per cent, and in London unemployment grew from 53 per cent in June 1990 to 63 per cent in January last year.

According to figures published by the Unemployment Unit, an independent research organisation, the situation was worse in some Tec areas.

The survey also showed marked regional variations in participants working towards qualifications. In London only 37 per cent of trainees worked towards a qualification, compared to 47 per cent in the north.

The Department of Employment said rates of employment after ET were affected by unemployment generally.

Working Brief, from Unemployment Unit, 409 Brixton Rd, London SW9. By subscription.

Taking a leaf out of Dame Marie's book

John Willman reports on the adoption of New Zealand methods for teaching reading

Dame Marie Clay: reading recovery programme pioneer

THE FIRST batch of reading tests administered to seven-year-olds in England and Wales last summer produced dismal results. They showed that 28 per cent of those tested could not read without help and had difficulty spelling three-letter words like car or sun.

Until quite recently such difficulties were not regarded as disastrous. The received wisdom was that children needed time to develop. In some cases it was only on arrival at secondary school at age 11 that remedial teaching would be provided. Valuable years in school were wasted and children confirmed in a pattern of educational failure.

In New Zealand, by contrast, six-year-olds with below average reading skills get intensive help to catch up. The worst readers are withdrawn from class and coached for half an hour a day for between 12 and 20 weeks by a specially-trained teacher. Almost all are then returned to normal teaching.

The results have been impressive, with less than 1 per cent of pupils needing help after 20 weeks. Research shows that the improvement is retained after three years.

The pioneer in this reading recovery programme is Dame Marie Clay, Emeritus Professor of Education at Auckland University and former world president of the International Reading Association. She believes the programme can eliminate any form of reading difficulty not caused by a physical problem, and rejects the common assumption that up to 15 per cent of people are "reading-disabled".

Her approach has spread to Australia and the US, and has now reached the UK.

The first local education authority to adopt her approach was Surrey County Council, which sent a teacher to New Zealand for an intensive year's training in 1989. She trained 19 other teachers and the first children began the programme in 1991. There will be 33 trained teachers by the end of this summer, each working on four children at a time.

Mrs Maria Evans, the school inspector running the Surrey programme, said: "There is a big spin-off for the schools. Improving children's reading skills also improves their writing ability, their attentiveness and comprehension."

The approach is not cheap. A specialist teacher is attached to a single school so the children become familiar with him or her. It would cost Surrey more than £400,000 a year to introduce the programme in every primary school in the county.

Seven London boroughs have shown an interest in adopting similar programmes and Dame Marie is to spend two years training teachers at the University of London Institute of Education.

The funding announced yesterday for further pilot projects should ensure that she has plenty of recruits for her courses.

UK NEWS

ONE MAN'S RECESSION: Ted Bryant's business boomed in the 1980s but collapsed in 1990. **Rachel Johnson reports**

When an ice-green Rolls is just a memory

TED BRYANT is not alone in hoping the economy will be better in 1992. Like thousands of other financial services salesmen in the south east of England, he lived a high life in the 1980s and then lost it all.

He went from a £285,000 house in Camberley, an ice-green Rolls-Royce Silver Spirit and holidays in Mauritius to a bungalow in Halberton, Devon.

Now he drives a second-hand Bedford Rascal van. "I had 17 suits, 100 shirts, all bought in the West End, and lunch at Langans in Piccadilly. I saw Joan Collins there once," he says.

Today the Bryants watch telly, eat Chinese takeaways and sing Neil Sedaka hits on the karaoke to keep their spirits up. Their children zoom around on mountain bikes and swap shell-suits.

Ted, 47, spends his days ferrying his three stepchildren – Stephanie, 16, Melanie, 14 and Kristopher, 12 – along muddy lanes to school, club and the nearest McDonalds. They are rosy-cheeked testimony to the benefits of fishing, country air and bops at the local youth centre.

His third wife, Laura, 10 years younger, goes daily to a factory in Tiverton to stick labels on bottles of Liberty and Floris scents and creams.

"The Pethers", a tiny three-bedroomed structure set into the rolling green hills of the Devon countryside, is a cosy nest with the central heating on full. The stone-cladded kitchen has a Raeburn stove and television blazing continuously in opposite corners.

Ted's experience is both a parable of the recession and the tale of an imprudent businessman who over-extended himself, got caught out by recession and crashed.

There are thousands of Teds in the south of England. They enjoyed easy money during the eighties, when their financial service firms expanded recklessly. But competition eroded profits and then the markets they served contracted. Having lost their jobs, the Teds' chances of re-employment in comparable positions are slim. They are the steelworkers of this recession.

Everything in Ted's life has changed since his business went under at the end of 1990. His circumstances will strike a chord with other recession victims, even those for whom the details are different.

A bulky man in his blouson jacket, with the restless hands of an ex-smoker, Ted may seem an *unlikely* symbol of the recession. But this new year, Ted has been unemployed for exactly 12 months.

"It's been a horrendous year," he says. Laura lights up a More cigarette and smiles reassuringly as Ted relates how the family as had to live on her wages for the year he has been out of work.

A neighbouring sister has lent them some money, but Ted is already two months behind with the rent. He has worked for five weeks since he went bankrupt – at Blundell's School, as an electrician – but only claimed unemployment benefit over the summer. "People get too complacent if they go on too long," he says.

Slow to point the finger of blame at himself, he singles out two culprits for his business nemesis:

"First and foremost, it was recession, the lack of business, that presented the main problem. Then it was the bank. *They pulled the rug from* underneath us," he says.

Ted, who has sold mortgages, insurance and pensions since 1979, admits to overborrowing in the late 1980s, just before the rise in interest rates to 15 per cent put the lid on the housing market.

His next mistake was shared by the government, the Treasury, and almost all professional economists. He failed to foresee that this recession, unlike the one in the mid-1970s, was going to be so deep and last so long.

He opened a new Camberley branch of his company, Surrey and Hants Financial Services, at just the wrong time. He had an overdraft limit of £100,000, but ran it up to £220,000. Then the bank got "cold feet" about financing him further.

"Recessions have never gone on like this. Let's face it, this is absolutely diabolical," he says.

May 25 1990 was the begin*ning of the end. That day* Ted threw a party, attended by Jim Bowen, host of TV's Bullseye darts quiz show, to celebrate the opening of the new branch of the company he started in 1988 and spent £45,000 advertising in 1989.

The branch was tied to Colonial and Mutual, a life assurance company, which had agreed to clear S&H's overdraft with the National Westminster Bank.

The bank manager had been enthusiastic. He agreed that the overdraft should be cleared, and also agreed to give Ted a working overdraft of £50,000 to trade with and start afresh.

S&H was, Ted says, "sizeable in Surrey," and the new branch was a part of his ambition to "to become a household name in the Camberley-Woking area". The idea was that as soon as the mortgage market, increasingly pinched since 1988, turned round "there *we would be, waiting in the* wings."

But they were not. First the office was three months late in opening, and then there was no turnround. "When interest rates go sky-high the first thing that gets hit in the following recession is the property market and the mortgage market gets hit the same day."

But that was not all. The week he paid in the last cheque to clear the £220,000 overdraft, he was splitting up with his wife Sharna, a director of Surrey and Hants.

"I had booked into the Grand Hotel, Jersey, for the weekend. I went with Laura. Came back on the Tuesday. From the airport I telephoned the office to find we had all sorts of problems and the bank had returned four cheques."

The bank had happened to cut off his credit on the same day he left his wife. "It was incredible – as if they had timed it," he recalls.

Ted *called the bank manager* from his carphone. He knew the mortgage business had been very slow, but he thought the pensions and insurance side had been trading nicely over the summer.

The manager informed him that since the overdraft had been cleared, the regional office had decided to withdraw the £50,000 trading facility the company had already partly spent.

"You can imagine what that did to us. You can't have cheques bouncing in the financial services industry," he said.

The sales force of 25 left within a week, his wife resigned at Christmas, and the company went into liquidation at the beginning of 1991.

NatWest, which would not breach banking confidentiality without authorisation from all individuals concerned, merely said it could "confirm that Mr Bryant was declared a bankrupt on April 2, 1991."

Ted had secured his borrowings against their house where he and his wife had lived what he describes as "the high life". With no money coming in it was impossible to keep up the mortgage payments of £2,000 a month.

In July this year the house was repossessed by the building society. Ted, now divorced from Sharna, moved down to Devon with Laura and her three children to start a new life.

Sitting in the lounge, he hands over a snap of the Rolls. His initials are on the number plate. The car also went to pay his creditors. He opens another album full of shots of a bronzed and jovial Ted at office parties, laughing with his bank manager and secretaries.

Though the new Devon nest is crammed with the wife, children and pets he loves, he reels off the material details of the life he has lost.

"I had a very high social life. I went on a cruise in 1990 to Tenerife, and in '89 I went to Mauritius, Singapore and Thailand in one holiday," he says.

Their sudden hard times have shaped their views. Laura enjoys her job. Kris wants to be a policeman because they don't get made redundant. And Ted *is starting* a job in January selling record collections round the south west.

"This'll blow your mind," he says. He slides open a garage door to reveal an office, arranged with all the furniture – swivel chair and double-desk – from the fateful Camberley branch of Surrey and Hants.

"Put it this way, at least I've done it and been there. Don't turn me off yet because I'll be coming bouncing back, I can assure you."

The next chapter of Ted's rags-to-riches-to-rags story will not, hopefully, end in The Pethers. Ted insists the Bryants will have their day again.

Colin Beere

Waiting for the turnround: Ted Bryant went from a £285,000 house in Camberley to a bungalow in Devon, but insists he will be bouncing back

Building sector outlook warning

By Andrew Baxter

OVERSUPPLY and depressed rental demand are combining to prevent any real prospect of recovery in the commercial construction market before the mid-1990s, the Building Employers Confederation warned yesterday.

In a gloomy new year message Mr John Smith, the confederation's chairman, said there was also no real prospect of the construction industry emerging this year from recession, whatever the prospects in the wider UK economy.

Mr Smith said the confederation's last state-of-trade inquiry pointed to a fall of between 8 per cent and 10 per cent in construction output in 1991. A fall of at least half as much again is likely in 1992, even with the limited growth expected in some sectors of the industry in the second half of the year.

This forecast matches closely the official assessment last month from the National Economic Development Council. Its construction industry sector group said output was likely to fall 9.5 per cent in 1991, with a further decline of about half that in 1992.

The confederation says the most recent output figures from the Environment Department, for the third quarter of 1991, confirmed its own inquiry. The 10 per cent decline in output, compared with the third quarter of 1990, was "an important statistic *that cannot* be ignored," Mr Smith said.

The evidence for Mr Smith's warning about the commercial sector comes from the sharp third-quarter fall in output – private commercial orders were down 25 per cent from a year earlier. This particularly affects big national contractors.

● Almost two-thirds of people think the economy will not recover until next year or later, according to a Gallup survey. It found that 40 per cent believe the recession will last for at least the whole of this year and a further 22 per cent do not expect an upturn until the end of the year.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Weekend January 4/January 5 1992

Dividends in recession

THROUGHOUT the second half of the 1980s, Britain's corporate sector increased dividend payments faster than profits. But not any more, it seems. Last year dividends on the FT Actuaries All-Share Index rose by a mere 5¼ per cent, which is little more than a third of the rate experienced in the late 1980s. Since that nominal increase is broadly in line with underlying inflation, there was no increase in real terms. Is it a return to sanity or a loss of boardroom nerve?

Making sense of British dividend policy is not as easy as it might be. Economic theory suggests that the market should put an equal value on retained profits and dividends, except to the extent that the tax system favours one against the other. Since the Heath government's corporation tax reforms of the early 1970s, the discrimination against dividends in favour of retentions has largely been removed. Yet in practice the market is not just neutral; it places a significantly higher value on dividend income – witness the plunge in British Steel's share price when it warned last year of a possible dividend cut.

The most plausible explanation is that Britain's unusually active market in corporate control has caused dividend policy to become uniquely sensitive to the pattern of portfolio demand. Whereas in Germany quoted companies are able to adjust the annual payout to reflect the earnings trend without fear of retribution, the British have to worry about hostile takeovers. It is no coincidence that dividends started to outpace profitability in the mid-1980s when the threat of a hostile bid became real even for ICI. In effect, management has been paying its shareholders an advance loyalty bonus with their own money.

Tax privileges

In Germany portfolio demand is heavily skewed towards fixed income. By contrast, British investors' experience of inflation largely destroyed their appetite for bonds in the 1970s and 1980s. Pension funds in particular sought to match their liabilities with a rising dividend income from equities, not least because of their right to reclaim tax on dividends. If these tax-privileged institutions are viewed as the real owners of the corporate sector and their stake in industry is consolidated, they pay an effective 13⅓ per cent tax rate on dividends compared to 35 per cent on retentions.

But taxed investment institutions are equally yield conscious. And some take the view that high yields and payout ratios are appropriate in an economy where managerial performance has been unexciting. For if profits are distributed in full, corporate investment and acquisition programmes would have to be submitted to the institutions for approval. By this means fund managers and trustees would appropriate for themselves the right to decide whether profits were worth more in the hands of incumbent management or in their own institutional coffers.

Feeble record

It sounds, at first blush, like enhanced accountability. Yet the institutions' own record in holding management to account scarcely commands respect. Their ability to identify bad investments and remedy bad management is notoriously feeble. Nor is it clear that imposing institutional priorities on the corporate sector makes wider economic sense.

Some smoothing of dividends may be acceptable in normal circumstances. But the present profits squeeze is part of a wider structural adjustment to the new disinflationary world of the ERM. In the past a recessionary fall in real dividends has been brought about in much the same way that real house prices have been allowed to fall without damage to nominal prices: inflation has outstripped increases in declared dividends. Why should the institutional *rentiers* be exempted from the adjustment to reality that home owners now face?

It is tempting to explain the difference in dividend policy between countries like Britain and Germany in terms of philosophy: liberal capitalism versus corporatism. But that is too simplistic. The real issue is about contrasting forms of corporatism. In the peculiarly British corporatist model, the institutions have recently been acquiring more say relative to management, which in turn has made gains over the past decade at the expense of labour. The result is that dividends enjoy priority in a recession over capital investment, pay and jobs. German corporatism, by contrast, operates on the reverse set of priorities, with dividends coming bottom.

Much of the recent increase in British dividends came from recession-proof privatised monopolies and duopolies, which is probably why the market is not expecting a sharp fall in nominal dividends this year. But last year's nil real increase in the payout suggests that there may be a big squeeze in more competitive sectors. Stand by for nasty surprises – and ponder those German priorities.

As Spain gears up for its 1992 festivities, **Peter Bruce** examines a country which is having trouble paying for modernity

Revels for a state without a creed

It is party time in Spain and everyone is invited, which is only fair as almost everyone is paying for it. Nineteen ninety-two promises to be a monumental celebration, bringing to a climax the country's first uninterrupted decade of democratic rule. But it also marks the end of Spain's most glittering economic successes since the Conquistadores took South America more than 400 years ago and draws a curtain on its reign as the Wunderkind of Europe.

Few countries as poor as Spain would consider trying to host the summer Olympics and a World's Fair in the same year and probably even Spain would have baulked had it realised the extent of the economic strain involved, even though EC structural funds have played a key role in the effort. Somehow, more than Pta1,500bn (£8.2bn) – a combination of state spending and European Community financing has found its way into Spanish roads, bridges, railways and airports to prepare for the festivities.

But back in the years after the death of the dictator General Franco in 1975, as the world rushed to congratulate Spaniards on their remarkable transition to democracy, no ambition seemed too grand. The country, once bitterly divided, had awakened to a promise of something completely new. Calm. This was briefly interrupted by a coup attempt in 1981, but Prime Minister Felipe Gonzalez, the country's longest-serving elected leader, still tells visitors what he felt on the night he was first elected in 1982: "People have not voted for change. They have voted for a rest."

Spain needed that rest to be able to focus its efforts on becoming an integrated part of a democratic, open Europe. A country ruled imperiously from the centre for nearly 40 years by Gen Franco had developed potentially poisonous regional conflicts, particularly in the Basque country and Catalonia. Holding Spain together had always been Madrid's big challenge, leading one of its leading early 20th-century philosophers, Jose Ortega y Gasset, to proclaim: "If Spain is the problem, Europe is the solution."

That lesson has finally been taken aboard – being part of Europe is what unifies Spain. The sense of being a player on a wider stage has enabled the country's disparate communities to unite around a common objective rather than, as in the past, sniping at the government in Madrid. Spain realises its aspirations can no longer be met in a narrow domestic context, but only by opening itself to broader influences.

This perception has not stopped Spaniards using democracy as a breathing space. The government's transformation of a once-closed economy into one of the world's most open, and the subsequent spurt of foreign investment, has disguised the extent to which Spaniards have remained themselves.

The good life is being lived to the full: heart disease is growing faster in Spain than anywhere else in the industrialised west. Recent polls have shown that despite the growth of Aids and drug abuse in the country, parents still worry most about their children abandoning Catholicism or having abortions. Only 5 per cent of Spaniards have bought a book in the past year and more than 10 per cent of them remain functionally illiterate. They still take three-hour lunches and smoke in department stores. Yet criticism from abroad still rankles. This helps explain why 1992 has become, in Spanish eyes, such a critical year.

For the doubters beyond Spain's borders and those few inside them, it is the ultimate showcase. Barcelona is a transformed city. Some Pta760bn have been spent on Olympic facilities and on easily the most ambitious urban renewal programme in Europe since the reconstruction of Germany after the second world war. Seville, a lethargic, sun-drenched tourist venue,

looks like the kind of capital that might be built in the jungle by a mad dictator, as fantastic buildings take shape on the island of Cartuja where the Guadalquivir river skirts the city. Here the grandly named Universal Exposition 1992 (Expo) will welcome nearly 20m visitors between April and October.

They will get there by car on a shiny new network of highways that now criss-cross the region of Andalucia. Or by air into a Pta9bn airport terminal that even the government admits will not be used to full capacity for at least 20 years. Or by rail on a new Pta400bn high-speed train link with Madrid. So much money has been spent on the rail project that there will be none left for connecting the country to Europe's high-speed network until the next century.

New managers at the state railway company, Renfe, admit that, given the choice now, the line between Seville and Madrid would not have been built first. It will turn out to be more decorative than practical, an extravagant gesture to the poverty-stricken south. Jealous of the money being spent on Seville, and on Barcelona to the north, Madrid was determined not to be left out of the jollity and has become the Cultural Capital of Europe this year. Perhaps fortunately for Madrilenos, almost nothing has been done; the city has not been torn apart by construction works and potholes. Madrid came late to the trough though, so there is little money for anything except renovations to the old opera house and some museums, a few big concerts and exhibitions.

Spanish leaders defend the spending spree in Barcelona and Seville. They argue that 1992 has been an investment trigger for pouring cash into regional development that would otherwise never have been undertaken. In the view of independent critics in Madrid, that makes sense in Barcelona, which is, anyway, the country's leading industrial centre and desperately needed an overhaul of its transport infrastructure. But the Pta800bn spent on Andalucia and Seville is greeted less enthusiastically. The mere existence of enhanced

State railway managers admit the Seville-Madrid line was an extravagant gesture to a poor south

communications in Andalucia, the critics argue, does not imply automatic economic transformation after the Expo festivities are over. There is a serious risk, they say, that the facilities left behind will be underused because the region has little industrial culture or skills.

A nagging sense persists of, perhaps, having overdone it, which is leading some Spaniards to caution against expecting too much of 1992. One of the wisest is Mr Francisco Fernandez Ordonez, the country's foreign minister. "Nineteen ninety-two," he says with a flick of the wrist, "it doesn't mean a thing".

Nearly three centuries of trying to get Gibraltar back from the British has made Spanish foreign ministers masters of lowering expectations but even wily Mr Ordonez is probably too late to save the authorities from the effects of overselling 1992 as a watershed for the country's development. "Five years ago," says Mr Jesus Martinez Vazquez, editor of the leading national business newspaper, Expansion, "1992 was a sort of horizon we were all moving towards. Now we are there and we have still not solved our fundamental problems".

These remain inflation and unemployment. Four years of a virulent mixture of high interest rates and tight credit have failed to bring underlying inflation below 6 per cent. Unemployment still languishes at above 15 per cent and is likely to get worse as thousands of jobs in the steel and coal industries of the north are threatened by Community subsidy limits. If the government is lucky, the economy will grow only 2 per cent this year, less than half the rate of two years ago.

Time is now very tight. Spaniards will be left to get on with the party – the Expo site and its 250 bars and eateries will be closed only from 4am until 9am for cleaning – while the government struggles to shore up the economy for a much more sombre 1993 in the hope that nobody notices the join.

The challenge facing the government is all the more pressing as its political dominance is under threat at the next general election, which has to be held by October 1993. The ruling Socialists now have just half the seats in the Cortes (parliament) and must fight at the polls while at the same time trying to impose on Spain the harsh array of commitments made to their European partners at the Maastricht summit.

They are broadly committed to taking the peseta into the narrow band of the ERM in the next two years. This would entail restricting exchange rate fluctuations from 6 per cent to 2.25 per cent and would thus severely limit the extent to which Spanish interest rates can be used as a tool of economic management. Interest rates would have to fall with narrow band entry, and the only way to do this without recharging inflation is to cut public spending.

Until now, the Socialists have tried to resolve the conflict between budgetary discipline and spending by curbing consumer appetites. This, however, has only served to underline the fact that the state, as the biggest spender and employer, is itself the root cause of the inflationary malaise. If economic convergence with the rest of the Community is to be achieved and high public spending is to continue, someone else will have to pay for the roads. Hence Spain's insistence at Maastricht that the method of financing infrastructure projects with EC funds be changed. At present it is done on a 50-50 basis, with Spain matching EC funding. But it wants to pay less and the EC to pay more.

Wrangling with the Community over money is a far cry from the expansive and exciting concerns of a decade ago and this year thus also probably marks Spain's coming of age, when the choices it has to make become more mundane and, perhaps, more mature. It is no longer a matter of how rich the country wants to be, but how poor it can bear to be.

The absence of political mechanisms to make such choices less chaotic is not all the government's fault. But when Spaniards finally realise that the party is over, that they have not yet built a truly competitive industrialised country, selling the message will be tough. Spain's system of proportional representation is one of the most rigid in Europe. As a result parliamentary debate is practically non-existent, attendance is low and voters pay little attention to the deliberations of the Cortes.

They do, however, pay attention to the government and feel free to criticise it in a way that would have been unthinkable 16 years ago. It is this liberal rule – Mr Gonzalez calls it catharsis – that may prove just as dangerous as an economic crunch. One of its side-effects has been to allow widespread corruption in public life to come to the surface.

The prime minister never tires of saying that he will leave office a relatively poor man, and most people believe him. But he misses the point. Corruption and influence trafficking around the government seem endless. The deputy prime minister was forced to resign last year after it became clear he had lent a government office in Seville to a businessman brother who then used his connection to win himself several business deals. A few months later, it emerged that two bogus consulting firms run by senior Socialist party officials had been taking million-dollar "fees" from big industry for their services. The money appeared to have been going into party coffers.

Corruption has induced a weariness in many Spaniards, especially those who failed to become rich in the boom years between 1986 and 1989. Even in Spain it is hard to get very rich very quickly and legally.

Spain enters 1992 still a country without a creed. It is richer and outwardly more contented than it has been for much of this century, and the onset of harder economic times has taken the edge off the selfish, uncaring side of the country that briefly emerged after 1986. But it leaves Spaniards wondering what happens now, with nobody prepared to tell them how bad it could get.

WOMAN IN THE NEWS

Elaine Garzarelli

Bull in a Wall St bear garden

By Martin Dickson

There is no better embodiment of the extraordinary wave of optimism that has been sweeping through the US stock markets than the person of Ms Elaine Garzarelli, one of Wall Street's best-known analysts and among the most vociferously bullish.

For Ms Garzarelli, who shot to celebrity status in 1987 when she correctly forecast the October crash, reckons that the remarkable stock market rally of the past 10 days is but a foretaste of a strong surge in equity prices over the next year.

And this week Lehman Brothers' leading equity analyst was busily putting her money where her mouth is, buying shares for her own account in General Motors and International Business Machines – lumbering blue chip companies which are being hurt severely by recession and suffer from very low stock market ratings. "When they're at these levels," she says with a chuckle, "you can't go wrong."

Views like this put her at one end of a Wall Street spectrum which runs through mild concern that the market is getting ahead of itself, anticipating too much good news, to pessimistic warnings that the Christmas rally could merely be the prelude to a market slide, if the US economy remains stuck in recession or enters a prolonged depression.

Yet Ms Garzarelli's track record in recent years is impressive. Not only did she predict the 1987 crash, but she had the prescience to do so on television. She rightly dismissed the sudden downturn on Wall Street in October 1989 as a blip and accurately called the bottom of the bear market in the autumn of 1990. She urged investors to get into equities just ahead of the Gulf war, when Wall Street was consumed with gloom, and was vindicated by the Dow's subsequent 500-point surge.

Ever since 1984 fund managers polled by Institutional Investor magazine have voted her the leading US quantitative analyst – that is someone who predicts significant market turning points by feeding statistics into their own computer models.

Nor have the 39-year-old Ms Garzarelli's powerful personality and flair for self-publicity hurt her reputation. Her personal style is arresting – a combination of frizzy hair, designer clothes and stiletto heels, which has earned her the nickname of "Wall Street's Barbra Streisand".

The daughter of a Philadelphia banker, she has a reputation for being a highly strung loner, a workaholic and commanding a salary of $1m or more. "The market," she says, "is a passion. It's fun."

She lives alone in a Greenwich Village apartment building, where she closets herself for two weeks a month while working on her forecasts. But she insists she has been developing a social life and was recently quoted as saying she would like to adopt a child with a "parental syndicate of three men".

Her investment advice is not without blemishes. Wall Street rivals point out she has made some poor short-term predictions, including tipping General Motors last summer before its share price plunged.

Nevertheless, she claims her system of 13 indicators has predicted all the big market moves of the past 20 years. The indicators are broken down into four groups, each of which has a roughly equal weighting – the economy, monetary policy, share price valuation and investor sentiment.

She owes her success, she says to "following my indicators, even when they tell me to do things that are totally against my emotions".

If changes in the direction of the market can be deduced in this manner, why have others not copied her? The answer is that Ms Garzarelli's framework and weightings, built up over 10 years, are uniquely hers. She claims, for example, that no one else has the contacts to match her monitoring of institutional cash holdings – an important factor in market liquidity.

So what makes her so much more optimistic now than most of her rivals? In December, she says, 11 of her indicators were bullish and two neutral, giving one of the strongest readings in their history.

Like most of Wall Street, she thinks the US is in the final stages of a recession, and that the significant easing of monetary policy by the Federal Reserve on December 20 – the prime reason for the stock market's recent rally – shows the central bank will "hold the economy's hand until it is up and running". That, she thinks, could feed through into average 22 per cent growth in corporate earnings in 1992.

The more pessimistic analysts, however, argue that the Fed's easing move is more a sign of desperation and of the depths of the economy's problems. They maintain that with high unemployment, weak consumer confidence, an overhang of corporate and personal debt from the 1980s and softening overseas economies, the US recovery could be extremely sluggish and 1992 corporate earnings could be disappointingly small.

Many analysts think that the ratio between the price of US shares and corporate earnings – one of the most basic tools of stock price analysis – shows that the US equity market is already assuming rather too much good earnings news for comfort.

But Ms Garzarelli will have none of it. She says her rivals are making the mistake of placing too much emphasis on earnings in the current recession year, rather than 1992 and 1993, or are not discounting one-time write-offs by companies which are in the process of restructuring.

She reckons that fair value for the Dow, given current interest rates, is 3,276 on the basis of prospective 1992 earnings and 3,520 for 1993 earnings.

However, Ms Garzarelli adds that the stock market usually tops out well above fair value when economic growth is a long way from peaking and Fed policy is easy, as is the case now. And this creates scope for the Dow to rise by 20 per cent or more over the next 12 months, possibly to about 4,000.

The current rally, she argues, could last another two months and then be followed by a 4 per cent to 7 per cent downward correction – not sufficiently serious to merit selling shares.

Stocks Ms Garzarelli thinks will do particularly well include big players with lowly market ratings in sectors which tend to mirror the ups and downs of the economic cycle, such as General Motors, Westinghouse Electric, the troubled conglomerate, and retailer Woolworth. "With these you know you are going to make gains twice as much as the market," she declares.

And judging by the Christmas rally, an awful lot of investors would like to believe her.

Additional reporting by Philip Coggan and Andrew Freeman

David Butler puts his money on May 7 and a hung parliament

A date with the voters

Polling day will provide the only cure for election fever. But when will it be?

An election can in law take place on any weekday. But since 1935, general elections have always been on a Thursday. The dissolution of parliament has to be proclaimed 23 days in advance but, except in February 1974, a week or two more of notice has been given.

Since parliament has to be dissolved within five years of its first meeting, the last legal Thursday for the 1992 election falls on July 9. Of the 29 Thursdays between now and then, many are highly inconvenient.

An election before February 15 would be on the old register and would disfranchise many people. But because of local delays in making the computer tapes of the new register available to the parties for canvass lists and for addressing envelopes, an election before early March might be chaotic.

The government probably wants to get a Budget through parliament in early March, as well as completing the council tax legislation; that would leave April 2 or, more likely, April 9 as the earliest convenient date.

The Conservatives might be deterred by the fact that there has not been an April election since 1880 (when Disraeli, deceived by two good by-elections, dissolved early – and lost). But precedent is no bar.

After April 9 there is Easter (April 19), which blanks out two weeks, and then the local elections (May 7) cast their shadow. Since in 1992 the Conservatives are bound to lose many council seats won in the bumper year of 1988, May 7 becomes the only likely date between April 9 and early June: the general election would mask any local adversities. In 1979 local and general elections coincided without administrative or political disaster.

If the May 7 date is missed, June 4 and June 11 are left as the only likely Thursdays before the holiday season and the final buffer of July 9. Since more Conservatives than Labour supporters go away on holiday it is hard to imagine Central Office letting Mr Major continue to the bitter end, quite apart from the mockery such procrastination would provoke.

Ladbrokes, the leading bookies, currently offers 6 to 4 against a May election and 7 to 4 against April. The I.G. Futures Index, financial bookmakers, suggests the City finds the probabilities equal that the election will occur before the end of April or after.

Both sets of odds seem to underestimate the likelihood of the prime minister taking the May 7 option.

What will happen? Over the past four months the opinion polls have been recording Conservative and Labour as neck and neck, at about 40 per cent, with the Liberal Democrats at about 15 per cent (see table right: "FT poll of polls").

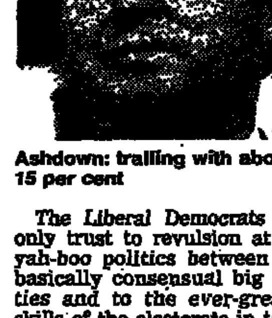
The latest Mori poll suggests a move – or a blip – in Labour's favour. But what is certain is that the ratings will wobble again and again until the end of the campaign. The volatile electorate may quite well end by giving either Conservative or Labour the magic 4 per cent lead needed for a clear majority – 326 seats.

Ladbrokes is offering even odds on a hung parliament; it is also quoting virtually even odds on the Conservatives or Labour emerging as the larger party. The more sophisticated I.G. Futures Index gives these break-even points – Conservative 307, Labour 298 and Liberal Democrats 28. (Over the past three years the I.G. Index has shown Conservative expectations moving between 295 and 342, Labour between 265 and 307, and Liberal Democrates between 15 and 28.)

The election is plainly wide open. Labour optimists point to the banana skins ahead for the government – health service misfortunes, poll tax demands and, above all, the elusive economic recovery. Conservative optimists point to low inflation, to the Maastricht settlement, to the doubts over Labour's competence, and (whistling in the dark) to the escape from recession.

FT POLL OF POLLS (%)

	Con	Labour	Lib Dem
Sept	40.5	39.2	15.9
Oct	40.3	42.1	13.2
Nov	38.6	42.2	14.3
Dec	39.5	39.4	16.1



Ashdown: trailing with about 15 per cent

The Liberal Democrats can only trust to revulsion at the yah-boo politics between the basically consensual big parties and to the ever-greater skills of the electorate in tactical voting (in 1987, 228 out of the 376 Tory victors had a Liberal Democrat runner-up).

No one knows how the voters will turn, especially during the hectic days of the campaign. Party strategists and pundits inevitably look to the past. Conservatives are prone to rely on Anthony King's evidence that, before every one of Britain's five post-war changes of government, the party in power has been consistently behind in the polls.

In the past few months that has not been true for the Conservatives. Labour points to Peter Kellner's evidence that in every election since 1959 the governing party has lost ground in the course of the campaign: therefore, if Labour goes in on level terms next April or May that would offer good hope of it ending up 4 per cent ahead and in full power.

The evidence of recent elections can be seen in the table bottom left ("Governing party's lead"). Except in 1979 the party that was ahead six months earlier won. Except in February 1974 the party that was ahead one month before the election won. The only contest was in 1970 when there was a really big shift between the main parties in the final month (but in February 1974 and again in June 1983 the Liberal Alliance vote jumped by 10 per cent during the campaign).

One should always be sceptical of such statistical arguments. Bear in mind the sophisticated version of Murphy's Law devised by Charles Goodhart, of the London School of Economics: any government (or opposition) trying to exploit even the best-established of statistical relationships to control an economic (or political) variable will come unstuck.

Yet the future can be predicted only if we assume that it will in some measure resemble the past. Logically any percentage division of the vote could produce almost any outcome in terms of seats. But, as casino owners know, there are regularities about the behaviour of large numbers. Variations in swing are likely to cancel out, affecting all parties almost equally. Therefore, the last election may still be a good guide to what will happen this time.

The Liberal Democrats seem likely, for local reasons, to hold on to almost all their current 22 seats. It is highly probable that, whether they secure 15 per cent or 25 per cent of the nationwide vote they will not fall below 15 MPs or exceed 30. Working from the 1987 results, it is easy to set out the likely outcome for any given division of the vote between Conservative and Labour (see table bottom right: "Division of vote").

On these figures Labour only secures a clear majority if it is 4 per cent ahead of the Conservatives. That would require an 8 per cent swing from 1987, which (except for 1945) would be the largest swing in British history.

Of course, such figures can never be an exact guide. The "Other" total may be changed by Scottish National party gains. The Liberal Democrats may fare better or worse for local or national reasons. Any tactical voting may change the Conservative-Labour relationship. (In the 1970s the rule that had held good from 1931 to 1970 – a 1 per cent swing means a loss of 18 seats – went sour. As the table shows, in the 1980s a 1 per cent swing only means the loss of 10 or so seats).

Labour needs an 8 per cent swing to win – and except in 1945 there has never been such a swing (the 5.2 per cent swing in 1979 was the largest since the war). But the Conservatives must keep the swing below 4 per cent to stay in power. Ladbrokes' even odds on a hung parliament cannot be too bad a bet.

GOVERNING PARTY'S LEAD

Party	Gallup 6 months before	Gallup 1 month before	Majority votes in election	Majority seats after election
1959 Con	0	+7	+4.2	+100
1964 Con	-12	-3	-1.9	-4
1966 Lab	+6	+8	+7.3	+96
1970 Lab	-11	+7	-2.4	-30
1974$_1$ Con	-7	+2	+0.6	(-21)
1974$_2$ Lab	+16	+3	+3.5	+3
1979 Lab	+5	-5	-7.1	-33
1983 Con	+7	+18	+15.2	+144
1987 Con	+8	+10	+11.8	+102

$_1$ February; $_2$ October

Major: favoured by statistical evidence

DIVISION OF THE VOTE BETWEEN CONSERVATIVE AND LABOUR

Swing from '87	Con lead on Lab. in vote	Seats: Con	Lab	Lib	Other	Clear majority
0%	12%	376	229	22	23	Con 102
4%	4%	326	272	29	23	Con 2
5%	2%	314	285	28	23	None
6%	0%	303	299	25	23	None
7%	-2%	293	309	25	23	None
8%	-4%	273	326	28	23	Lab 2
9%	-6%	258	338	30	23	Lab 26

Kinnock: needs the biggest swing in UK history

Old guard moves over

Charles Leadbeater on managers' changing age profile

They were Mrs Margaret Thatcher's industrial disciples, carrying her message into the boardrooms and on to the shop floor. They were unforgiving, dynamic and enterprising, shameless about making money and fiercely proud of Britain.

They were privateers like Lord King at British Airways who helped to transfer assets from public to private ownership; predators such as Lord Hanson and Sir Owen Greene, the chairman of BTR, who built conglomerates by acquiring and sorting out poorly performing companies; hard men such as Sir Robert Scholey who turned British Steel's overmanned and bloated plants into models of efficiency.

With Mrs Thatcher's departure the time is drawing nigh when her industrial crusaders will follow her from the field of battle. The climate is changing, as Lord King puts it: "Business will not be able to let rip in the 1990s as it did in the 1980s."

What was once the Thatcherite new guard in British management is turning into the old guard : Lord King is 74; Sir Robert 70; Lord Hanson and his partner Lord White were born in 1922 and 1923 and Sir Owen is 66.

Has Thatcherism bequeathed a group of ageing entrepreneurs who will be swept away by a breed of spritely managers enthused by a very different business spirit for the 1990s? Mrs Thatcher's own qualities as a leader encouraged a cult of personality in business. Senior executives were lionised. It is unsurprising that men such as King and Hanson who have wielded such power over their baronies should be unwilling to retire.

But these industrial crusaders are a high-profile minority. Apart from the Thatcherite old guard and a few other notable cases, such as the 73-year-old Mr Roland "Tiny" Rowland's long tenure at Lonrho, and Lord Weinstock's service at the helm of the General Electric Company, there is little evidence that the British business leadership got significantly older in the 1980s.

In 1989 the average age of the chairmen of the 50 largest British companies was between 59 and 60, the same as a decade before, according to a survey by Professor Leslie Hannah, of the London School of Economics' business history unit.

While the 1980s encouraged a cult of personality at some companies at others more formal procedures were introduced for the recruitment and replacement of chairmen and chief executives.

Perhaps the best example was the smooth succession organised at Courtaulds by a 55-year-old Sir Christopher Hogg who appointed 39-year-old Mr Martin Taylor as chief executive of the textiles company and 52-year-old Mr Sipko Huismanns as chief executive of Courtaulds chemicals interests.

Multinational companies such as Ford, IBM, ICI, Unilever and Shell have long had promotion policies which have produced chairmen of a similar age – in their early 50s at IBM and their late 50s at ICI.

The 1980s were also a decade in which some young managers rose to prominence, such as Mr Peter Bonfield, the chairman and chief executive of ICL, the computer manufacturer who is still only 47 after a decade on the company's main board. The two most powerful men at BT, the telecommunications group, Mr Iain Vallance, the chairman, and Mr Barry Romeril, the finance director, are both 48.

Indeed, a generation gap may be opening at the top of British business. The chairmen and non-executive directors, who safeguard the shareholders' interests and are responsible for the strategic direction of companies are usually in the late 50s or early 60s. Yet operating executives, who run companies day-to-day, are often in their 40s. At British Steel, for instance, Sir Robert will be replaced this summer as chairman by the 62-year-old Sir Alistair Frame. But the businesses are run by a group of 40-year-old young turks promoted in the past few years.

This gap may grow. In the face of recession companies have become increasingly cautious about the selection of chairmen, favouring older, more experienced people, according to Mr David Kimbell, a headhunter with recruitment specialists Spencer Stuart. "It is getting more difficult to persuade them to look at younger candidates," he says.

Yet bright young graduates will be attracted into industry only if they are offered executive responsibility early.

In Mr John Major's cautious, low-growth Britain this new guard of younger operating executives may develop a quite different outlook from the Thatcherite old guard. Professional competence and financial prudence may be more fashionable than deal-making. In the 1980s consumption and debt was all the rage. In the 1990s investment and innovation may come back into fashion.

An acceptance of Britain's place alongside the social market economies of Europe may become more common than fierce national pride and a fascination with the free-market US.

A decade ago it may have been fashionable to be dismissively critical of the failings of the public sector and favour privatisation as a cure-all. In this decade governments will want businessmen to bridge the gap between the public and the private. A role model of Majorite businessmen could be Sir James Blyth, the 53-year-old chairman of Boots, who used to be in charge of export sales at the Ministry of Defence and who is helping Mr Major to implement his Citizen's Charter.

The new generation of managers will need more than just professional skills. They may also need a different approach to politics.

The Thatcherite old guard was politically devout. The new guard will have to be pragmatic, able to deal with socialist commissioners in Brussels and perhaps even a Labour government at home.

LETTERS

Seeking redress for unfair competition

From Mr William King.

Sir, The government recently announced that it has accepted recommendations from the director-general of fair trading to amend the provision concerning extortionate credit bargains. The amendment, we are told, will allow unjust credit transactions to be reopened, including those which "involved business activity which was deceitful or oppressive or otherwise unfair and improper".

The government proposes that there be regulations setting out the factors to be taken into account in determining whether the credit transaction was unjust.

Therefore, the government accepts that a definition of unfair and improper business activity can be achieved in the consumer credit area. The same should be possible and is desirable in the area of unfair competition – that is, where unfair and improper business activity of one trader damages another. As things stand, redress is only available under specific headings which do not provide complete coverage of all unfair trading activity and in some cases are too complex or costly.

At a time when the consumer is increasingly well-protected and the interests of the public and shareholders are being looked at under the corporate governance review, it is unfortunate that similar steps are not being taken in relation to general trading practices.

William King,
Macfarlanes,
10 Norwich Street,
London EC4A 1BD

Retail standards: while cheerful experts exist, others are missing a competitive trick

From Peter McGregor.

Sir, Not for the first time Samuel Brittan's lack of contact with the real economy has led him to miss something ("Nightmare on Oxford Street", December 30). London's Tottenham Court Road is quite different from Oxford Street, although superficially similar. In all the shops (particularly the scruffy ones) in the former he will find product expertise and an anxiety to do business of a kind which is really quite remarkable, served up by people of a cheerful ethnic mix who would not recognise supply side economics if they tripped over it.

Peter McGregor
Dacre Cottage
Longworth
Oxfordshire, OX13 5HH

From Mr Z B Bradford.

Sir, Thank God someone finally put into print what many many others have felt about the retail standards.

I literally had to hold back from laughing aloud while reading Samuel Brittan's article. Unfortunately this was a laugh of desperation – agreeing on the frustrations, but knowing that this will probably never change while I'm alive (presumably I'll have died while waiting in one queue or another!).

There are two separate causes of this particularly British problem that I find hard to fathom:

- The complete lack of realisation by the retail sector that a happy and satisfied customer tends to buy more products and services; and
- Members of the British public continue to complain about poor service, not to the management of the retail business, but to themselves. Then, in an almost masochistic manner, continue to shop at those same stores where they are treated so poorly!

The message is "Don't complain to yourself, but to management and then vote with your feet!". If one store treats you poorly, tell the management and don't shop there again. Find another that does treat customers as they should – the most important ingredient to any business – and reward that business with your custom. I realise that this is can be very difficult to do but it should be attempted at all times, otherwise things will never change.

As business is really only a reflection of the public's wants and needs, you will then find that the level of service will increase as retailers realise that they cannot continue to attract custom with the present state of appalling service to the British public.

Z B Bradford
49 Onslow Gardens
London SW7 9BQ

From Keith Bradley

Sir, I wholeheartedly endorse Samuel Brittan's lament about the poor quality of service in high street stores. Requirements for competitive success in the retail sector are changing, with important consequences for corporate decision-makers. Recent discussions with leading managers in both food and non-food companies suggest that their strategic thinking is currently a mixture of old and new. Sites, technology and merchandising are still considered important. For the future, however, these executives suspect that the recruitment, training and motivation of people will be increasingly critical to success. Advantage will lie in human resources, but there is not a great deal of evidence to suggest that retail managers have the tools fully to exploit this in a climate of major demographic change, skill shortages and increased competition.

Keith Bradley,
executive director,
LSE Business Performance Group,
Houghton Street,
London WC2A 2AE

Losing out

From Mr T M Frost.

Sir, How many companies suffering after customers have gone into receivership, have lost both goods and payment due to the actions of appointed receivers? Our experience is twofold: first, being told that goods cannot be identified; second, that goods have been incorporated into other units and cannot be identified and returned or paid for. Is this so?

T M Frost,
F² Magnetics, 8 Woodview Business Centre, Topwood Valley, Nottingham

No real purpose in continuing ban on Wagner

From Mr Jean L. de Montebello.

Sir, When the Israel Philharmonic Orchestra announced that it would end a 53-year ban on Richard Wagner's music, I was delighted and filled with joy.

Now, however, it appears ("World News in Brief: Vote on Wagner music", December 23) as if the ban will be in effect for a much longer period of time, as a result of the senseless outcry from radicals of the Jewish Community, and from the survivors of the Nazi holocaust, who wrongfully pretend that Wagner openly espoused anti-semitism throughout his life.

True, Wagner was Hitler's favourite composer, but some obviously often forget, or refuse to admit, that Wagner was also one of the world's finest composers and a musical genius indeed.

So, whether or not Wagner was anti-semitic, I think it is time for the Jewish community to realise that a continuing ban on Wagner and his work would accomplish no real purpose.

One positive point: James Levine, main conductor of the Metropolitan Opera, and a Jew, has been playing several of Wagner's operas for a long time now.

Jean L. de Montebello,
1105 Park Avenue,
New York,
New York 10128.

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution

Shareholders need more information to assess the value of listed companies

From Dr B.S. McBeth

Sir, Deborah Hargreaves ("Evaluating the worth of oil", January 2), shows the difficulty that investors face in assessing the true value of an oil company, and prompts the question whether it is time for shareholders to be given more information in order to make a fair and just assessment of the value of the companies listed on the stock market.

In assessing the value of an oil company, a discounted cash flow model can be applied if it has producing crude oil and gas assets.

The problem then becomes the reference price for crude oil and the escalation factor employed. For example, the projected crude oil price used by certain models in industry and financial circles in the early 1980s has factored in a crude oil price for 1992 approaching $100 per barrel. Clearly a high crude oil price helps establish a higher present value for an asset.

The real tricky question comes in assessing those intangible items that are not in the public or private domain, such as discoveries and the potential impact such an exploration success will have on the share price. It takes a considerable amount of time and effort to be certain of the reserves in a field which, even after it is producing, can be revised upwards or downwards.

The health warnings that habitually accompany the drilling results of a successful exploration well should be taken seriously.

There is one area where the Stock Exchange, however, could add to the dearth of impartial information on oil companies' assets by insisting that they publish a table on the present value of their worldwide producing assets. A standard formula and the same discount factor would be used by each company so that shareholders would have at least one solid fact on which to build a general assessment of a company's net worth. The impact of discoveries and other such matters on a company's net worth would then be left to the imagination or acumen of the individual.

In the US the Securities and Exchange Commission insists that oil companies publish a discounted cash flow statement on their producing assets. It is time the London Stock Exchange introduced such a practice.

Dr B.S. McBeth
73 Princes Street
Oxford OX1 1DE

£122m provisions force FNFC to loss of £33.7m

By David Barchard

FIRST NATIONAL Finance Corporation, the troubled consumer finance and commercial banking group, plunged to a pre-tax loss of £33.7m in the year to October 31 after making provisions of £122m against bad debts on second mortgages and other consumer and commercial lending. The loss compared with a taxable profit of £36.4m in 1990.

There is no final dividend on the ordinary shares (8.5p). FNFC also passed the interim dividend and any decision about restoring dividend payments is unlikely to be taken until later this year.

Losses came to 13.4p per share (earnings 18.3p) and net assets per share were 113p, down from 125p.

The total stock of FNFC's provisions now stands at £160m or about 10 per cent of its total loan book.

Mr Richard Langdon, chairman, said yesterday: "The year has seen a depressed property market, which has affected all aspects of our business as most others have found who are engaged in lending money on property security."

During the year, FNFC sold £206m of its loans to two continental banks to boost its capital resources.

The sale was intended to reassure shareholders after the group's shares tumbled from 104p in early October to 54p in three days.

Mr Langdon said that the group would have been all right even without the sale of managed assets.

Yesterday the group's shares rose 7p in fairly active trading to close at 37p, after the market was encouraged by remarks from Mr Langdon of signs of a fall in default levels and an expected recovery in the second half of the year.

Total lending at the year-end was £1.65bn, of which £1.3bn was consumer loans and £350m commercial. During 1991 FNFC did £430m of new business of which £380m was consumer finance. There was a net reduction of £32m in arrears during the autumn.

Group turnover, excluding banking business, totalled £58.3m (£59m).

There was a tax credit of £12.3m (charge £6.25m).

Only 250 of the group's 300,000 personal customers had their homes repossessed by the group during the year, though this probably understates the true extent of its clients' distress as most lending is on a second mortgage basis.

Mr Langdon, who will be 73 in June, plans to retire after seven years as FNFC chairman after the group's annual meeting in late February.

He will be succeeded by Mr Martin Mays-Smith, a former director of Kleinwort Benson who is also chairman of Norwich & Peterborough Building Society.

See Lex

Tony Andrews

Tom Wrigley (left), chief executive, and Richard Langdon

ICI expected to benefit from breast cancer study

By Peter John

IMPERIAL Chemical Industries is expected to benefit from the results of a cancer study to be published today.

The studay carried out by the Imperial Cancer Research Fund, concludes that women with early breast cancer have a better chance of survival if they take hormonal therapy.

One of the main forms of hormonal therapy is an oestrogen blocking drug called tamoxifen, which is sold by ICI under the brand name Nolvadex.

Nolvadex, launched in 1973, is the largest selling cancer drug in the world with a turnover of between £200m and £250m. ICI was not prepared to comment on the study's potential impact on profits. The research involved 750,000 women throughout the world and lasted for five years.

Most UK analysts believed the study would be positive for ICI. Dr Jonathan Gelles of US securities house Wertheim Schroder said: "It will clearly support further growth of this product. I would have thought that they should be able to increase unit use by between 20 and 25 per cent."

Exeter Preferred Capital for main market via offer for subscription

By Philip Coggan

EXETER PREFERRED Capital Investment Trust, which will invest in the shares of split capital trusts, is joining the main market via an offer for subscription.

The new trust has an unusual structure, with £28.5m of zero coupon debenture stock already being placed with an institution.

This stock has a nominal value of £83m and will be redeemed in 2002, a gross return of about 11.25 per cent a year.

The other class of capital in the trust is ordinary shares, of which 22.5m are being offered for subscription at £1 each by stockbroker Greig Middleton.

By investing in the zero coupon shares and high yielding income shares of other investment trusts, the aim is to achieve capital growth on the shares of around 13 per cent per annum.

In addition, the trust will pay a modest dividend, which will bring the redemption yield up to 13.5 per cent a year.

Exeter Preferred Capital will be managed by Ian Henderson Associates, a group which runs a series of unit and investment trusts specialising in the split capital trust area.

The trust is capable of being held in a Personal Equity Plan (PEP), although the low dividend yield means that this will only be suitable for those investors who regularly pay capital gains tax.

Applications, for a minimum of 500 shares, must be made by January 23 and dealings will start on January 29.

Defence founded on sound management

Michiyo Nakamoto on Steetley's attempts to defeat the hostile offer from Redland

THIS HOLIDAY season has not been one of festive fun for Mr Richard Miles, group managing director of Steetley, the building materials group facing a £595m hostile bid from Redland, one of its competitors.

As Steetley's chief operating officer, Mr Miles has been working long hours to meet the deadline for the first defence document, which is being sent to shareholders today.

The offer of 85 Redland shares for 100 Steetley, with a partial cash alternative, has not only ruined Mr Miles's Christmas, it has jeopardised a deal with Tarmac of which he is mightily proud. Indeed, the pooling of the Steetley-Tarmac brick interests was welcomed by the City as ushering in a much-needed restructuring of the UK bricks industry.

But instead of cementing this deal, he now has to fight off Redland's charges that the Steetley management has let profits slide and allowed the balance sheet to deteriorate. The predator's view of the Tarmac joint venture solution is that it brings few benefits and dilutes assets.

Steetley will have to convince shareholders that the Redland offer, which would create a building materials group with a much wider geographic spread, is not as attractive as staying with Steetley's gradually evolving continental strategy.

The short-term picture is also clouded by gearing, which is a little high for comfort, and by low dividend cover.

Although Steetley's chances of remaining independent have already been pronounced "sadly limited" by at least one City analyst, Mr Miles shows little sign of being cowed by the task.

He believes the group has a proven track record, having produced more than 20 per cent compound annual growth over the past five years. He points to the management's early response to problems in the industry as evidence of tight management.

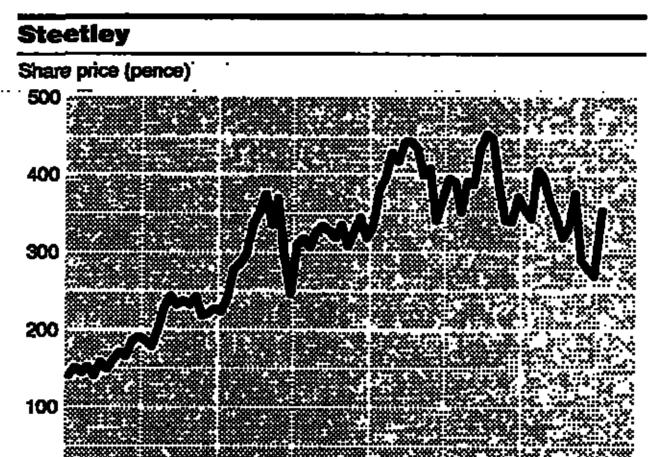
"Steetley is a company that has a focused business, that is at the bottom of the cycle and that has assets that will outperform in the future," he says. "We've demonstrated that we've done a good job."

His stress on recovery prospects follows a sharp fall in profits. The pre-tax figure for the first half of 1991 fell by more than 70 per cent to £13.5m, which was at the lower end of City expectations.

Earnings per share plummeted to 5p but the interim dividend was maintained at 5p.

With the UK construction industry still deep in recession and the French market, where it derives a substantial amount of its profits, coming under increasing pressure, the short-term outlook is hardly promising.

Yet Mr Miles maintains that despite the recent setback, Steetley is on the right track and that the strategy will bear fruit in the long term.



The best evidence for this lies in the group's success on the continent and its quick response to the downturn in the UK bricks industry through the proposed deal with Tarmac.

Steetley's mode of geographic expansion has been to marry local knowledge to tight management control from the UK. It is already a leading producer in France and is strengthening its position in Spain.

While its moves overseas have limited the damage of the UK recession, Mr Miles places more stress on the soundness of the business strategy.

"The point is that the position (in France) has been built up logically and has a value immensely greater than the actual underlying asset value," he says.

The strength of management, as Mr Miles sees it, is also evident in the concentration of Steetley's businesses on quarry products for the construction industry. "Hanson would say everything is up for sale, that is not true of us," says Mr Miles.

For the purposes of a bid defence, this focus appears to leave little room for future disposals.

However, for Mr Miles, making disposals or management changes after a bid has been launched is only proof of previous ineffectual management. "Hawker Siddeley has demonstrated that that is not the way to fend off a bid."

He says it is more important that Steetley's management has been quick to respond to overcapacity in the industry by making cuts and by coming up with the joint venture proposal with Tarmac.

"The Tarmac deal is on the table. That's management. It's a shrewd, live, seasoned, competent management who know what they're at."

He defends the deal as offering a far more effective way of dealing with the industry's overcapacity because it gives much greater scope for rationalisation than the Redland alternative.

Before settling on a deal with Tarmac, Steetley did look at possible links with several other groups, including Redland, whose bid Mr Miles dismisses as a "knee-jerk reaction".

He is confident that shareholders will share this view. "We've demonstrated that we've done a good job. I think they (the institutions) are learning from other countries that churning is not necessarily the way to make profits."

Robson Rhodes out as J Foster auditors

By Andrew Jack

ROBSON RHODES were ousted as auditors to John Foster, the Yorkshire-based wool and textile group, at an extraordinary general meeting yesterday.

Shareholders voted overwhelmingly to remove the firm in a highly unusual meeting forced by Robson Rhodes' refusal to resign at the request of the directors and without the approval of shareholders.

In a circular distributed last month, Mr Victor Watson, chairman, said that while the last audit had been concluded "satisfactorily", the board – which was revamped about a year ago – wanted a change of accountants.

He recommended that Coopers & Lybrand Deloitte be appointed, primarily because of the "depth of resources" the firm offered.

It also tendered a lower fee. Coopers is believed to have quoted at about 65 per cent of the £42,000 charged for the last financial year.

Nineteen of the company's 850 shareholders attended the 20-minute meeting in Foster's mill at Queensbury, near Bradford. Robson Rhodes was represented by Mr Hugh Aldous, national managing partner, and Mr Chris Connor, head of the Leeds office.

Mr Connor said the firm had not been given any substantiated reason why it should quit. "We are here on a matter of great principle," he said. "Auditors owe their duties to shareholders as a body and are not the casual appointees of the directors."

Several shareholders criticised the board for acting within a few weeks of Robson Rhodes' reappointment at the last annual meeting and for not disclosing its reasons for the change. They also questioned the quality of an audit conducted at a significantly lower charge.

Mr David Breton, a director until last year, said: "It was an apathy vote. I feel this should all have been done in a more gentlemanly way. The AGM is the proper time to appoint auditors."

But Mr Graham Creswick, finance director, said: "We were badly let down by the 1991 audit. It was very straightforward and perfectly competent, but it was very quiet. We did not get the benefit we are entitled to expect."

While it met the legal requirements, he felt the auditors were not as questioning as he would have hoped given the recent changes in strategy.

He also criticised the "unnecessary" administrative and legal costs to the company of calling an EGM.

Robson Rhodes said it had made a number of suggestions for change which had been ignored by the management.

John Foster made pre-tax losses of £2.24m last year.

GrandMet acquires balance of Cinzano for £80m-£100m

By Philip Rawstorne

GRAND METROPOLITAN, the UK drinks, food and retailing group, has agreed to acquire Cinzano, the Italian vermouth and wines company, in which it already holds a 25 per cent stake.

The outstanding shares will be bought from the Cinzano Merano family, which has owned the company since 1757, and Ifint, the investment company of the Agnelli group, in a deal estimated at between £80m and £100m.

Mr George Bull, chairman and chief executive of IDV, GrandMet's drinks division, said yesterday that the acquisition would greatly strengthen IDV's distribution network in Europe and South America, as well as adding one of the world's best-known brands to its portfolio.

Cinzano's relationship with GrandMet companies, such as Gilbey's, dates back more than 50 years. Closer ties were established in 1985 when GrandMet bought a 25 per cent shareholding.

Count Francesco Marone Cinzano, who has agreed to retain the post of non-executive president of the company, said yesterday: "This latest step in the integration of the Cinzano network within the IDV structure is aimed at ensuring the growth and development of the trademark."

Cinzano has an annual turnover of $500m (£274.7m) and trading profits of $30m. In addition to worldwide sales of 3.5m cases of vermouth – wine blended with herbs and spices – it sells about 7m cases of sparkling wine and other drinks.

Though the gradually declining international vermouth market is dominated by Martini & Rossi, Cinzano has a 20-25 per cent share of the UK's £270m business and is brand leader in Germany, Canada, Japan and Argentina. Its Bianco brand ranks 8th in the UK's best-selling wines and spirits, and last year it launched higher-strength premium rosso and dry brands.

In recent years, sales of Cinzano's sparkling wines, notably Asti Spumante which leads the sector in the German market, have overtaken those of its vermouth.

Mr Bull said yesterday that the Cinzano brands – which have inspired a novel and a Hollywood film entitled The Secret of San Vittoria, as well as a memorable UK advertising campaign featuring Leonard Rossiter and Joan Collins in the early 1980s – still offered considerable potential for development.

But from GrandMet's viewpoint, the more important aspect of the deal is the reinforcement it provides for the international marketing and distribution of IDV's entire drinks portfolio.

IDV's products – which include such brands as J&B Scotch whisky and Smirnoff vodka – have been distributed by Cinzano in Italy, Spain and the Netherlands; and the two companies, with Rémy-Cointreau, have joint ventures in Germany and Belgium.

Mr Bull said: "We shall now have more direct control over the marketing and distribution of our brands in these important markets, especially in Germany and Italy."

IDV, which recently acquired Metaxa in Greece and AED in Spain, will now market and distribute 95 per cent of its brands in Europe through its own companies.

Cinzano's distribution strength in South America – particularly Argentina, Venezuela and Colombia – will complement IDV's own network in Brazil and Uruguay, run by Heublein do Brasil.

Cinzano is the largest wines and spirits company in Argentina and also has a strong sales force in Venezuela. Both countries are emerging as valuable growth markets for the drinks industry.

Sales of Scotch in Venezuela increased by more than 80 per cent last year.

Mr Bull said: "With the distribution spread that Cinzano now gives us, we believe we are in a very strong position to seize the opportunities."

Barclays sells Danish operation to Alm Brand

By David Barchard

BARCLAYS has sold its Danish car, farm, and business financing and leasing operation to Alm Brand, a Danish banking and insurance group.

Barclays Danmark has a portfolio totalling DKr530m (£47.8m), but the farm financing operation will be transferred to a separate business which will be managed by Barclays in London. It accounts for about half the total business of the subsidiary.

The price has not been disclosed. The Danish group plans to concentrate on the car financing business, which makes up most of the remainder.

Barclays said that the bank had sold the business because it did not fit in with its core activities. In some respects the sale of Barclays Danmark resembles the disposal of parts of the Mercantile Group last year.

Barclays, the British bank which has made the deepest inroads into European markets, has no plans to alter its overall European strategy.

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries Share Indices, as at December 31 1991, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the preceding quarter and for December 31 1990 after allowing for the year-end changes.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at Dec. 31,1991 (£m.)	% of all share index	Market capitalisation as at Sept 30,1991 (£m.)	% of all share index	Market capitalisation as at Dec. 31,1990 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	180	64,397.93	12.93	75,136.88	14.20	61,789.54	14.87
2	Building Materials	23	11,500.87	2.31	13,724.93	2.59	12,237.71	2.94
3	Contracting, Construction	29	4,147.93	0.83	6,038.06	1.14	5,246.17	1.26
4	Electricals	10	1,854.30	0.37	3,755.72	0.71	2,603.33	0.63
5	Electronics	26	9,374.28	1.88	9,814.05	1.86	9,410.54	2.27
6	Engineering-Aerospace	8	3,983.65	0.80	4,115.08	0.78	4,327.51	1.04
7	Engineering-General	43	7,839.05	1.57	8,597.85	1.63	6,304.82	1.51
8	Metals and Metal Forming	9	2,763.24	0.56	4,188.35	0.79	3,597.16	0.87
9	Motors	12	3,558.60	0.71	4,383.78	0.83	3,442.77	0.83
10	Other Industrial Materials	20	19,376.01	3.90	20,519.06	3.87	14,619.53	3.52
21	CONSUMER GROUP	189	193,463.37	38.87	187,607.56	35.47	140,970.73	33.94
22	Brewers and Distillers	23	35,376.60	7.11	35,263.31	6.67	27,047.64	6.52
25	Food Manufacturing	19	22,993.06	4.62	22,802.50	4.31	18,579.71	4.47
26	Food Retailing	17	18,275.96	3.67	18,413.65	3.48	15,158.52	3.65
27	Health and Household	24	56,395.54	11.33	46,953.27	8.88	32,119.21	7.74
29	Hotels & Leisure	24	12,145.68	2.44	13,212.18	2.50	10,944.00	2.63
30	Media	23	13,698.29	2.75	15,306.11	2.89	11,378.97	2.74
31	Packaging, Paper & Printing	17	5,943.02	1.19	6,331.11	1.20	3,376.11	0.81
34	Stores	32	26,244.25	5.27	26,830.21	5.07	20,606.86	4.96
35	Textiles	10	2,390.97	0.49	2,495.22	0.47	1,759.71	0.42
40	OTHER GROUPS	112	117,329.44	23.57	127,906.26	24.18	91,681.19	22.07
41	Business Services	13	6,025.03	1.22	6,213.45	1.17	4,587.58	1.10
42	Chemicals	21	17,452.26	3.51	18,193.13	3.44	12,748.04	3.07
43	Conglomerates	11	13,938.60	2.80	16,707.39	3.16	13,224.11	3.18
44	Transport	14	11,720.79	2.35	12,045.72	2.28	9,405.75	2.26
45	Electricity	16	15,041.77	3.02	15,788.37	2.98	6,181.76	1.49
46	Telephone Networks	4	30,761.02	6.18	34,774.50	6.57	24,454.82	5.89
47	Water	10	7,242.44	1.45	8,076.20	1.53	7,292.03	1.76
48	Miscellaneous	23	15,147.53	3.04	16,107.50	3.05	13,787.10	3.32
49	INDUSTRIAL GROUP	481	375,190.74	75.37	390,650.70	73.85	294,441.46	70.88
51	Oil and Gas	19	49,661.40	9.98	54,280.29	10.27	51,227.24	12.33
59	500 SHARE INDEX	500	424,852.14	85.35	444,930.99	84.12	345,668.70	83.21
61	FINANCIAL GROUP	90	59,836.28	12.02	69,886.69	13.21	58,508.39	14.08
62	Banks	9	26,349.18	5.29	30,074.68	5.68	22,971.51	5.52
65	Insurance (Life)	6	7,902.31	1.59	9,336.62	1.77	7,428.89	1.79
66	Insurance (Composite)	7	8,704.85	1.75	10,749.21	2.03	10,211.18	2.46
67	Insurance Brokers	10	2,974.53	0.60	3,225.57	0.61	2,578.27	0.62
68	Merchant Banks	7	2,602.53	0.52	2,856.46	0.54	2,072.48	0.50
69	Property	35	8,859.18	1.78	10,770.99	2.04	10,387.55	2.50
70	Other Financial	16	2,443.70	0.49	2,873.16	0.54	2,858.51	0.69
71	Investment Trusts	69	13,084.08	2.63	14,136.17	2.67	11,260.24	2.71
99	ALL-SHARE INDEX	659	497772.50	100.0	028,953.85	100.0	415,437.33	100.0

NEWS DIGEST

Drummond makes £0.7m buy

DRUMMOND GROUP, the worsted and wool textile company, is acquiring the business and certain assets of Courtaulds Woollens from Courtaulds Textiles for an expected £695,000 cash.

The acquisition is in line with Drummond's policy of diversification in order to lessen its dependence on its traditional worsted business.

Courtaulds Woollens incurred an operating loss of £240,000 on turnover of £3.1m for the 11 months to November 30. At that date the estimated realisable value of assets being acquired amounted to £1m.

Consideration is payable as to £200,000 on completion with the balance deferred until April 2.

In addition Drummond has an option, exercisable before the end of October, to acquire the premises of the business at a price of £600,000 until end-June and at market value thereafter.

Reconstruction for Govett Atlantic

Govett Atlantic Investment Trust is considering a capital reconstruction.

The move is aimed at narrowing the discount between the trust's net asset value and its market value. It is seen as a defence against a possible bid from Mr Andrew Shechtel, a US entrepreneur, who recently acquired a 5 per cent stake.

Mr Kevin Pakenham, Govett's chief executive, would not give any details but said a further announcement would be made when the trust had identified what it considered to be the best course.

Last November, Sequoia Investment Trust, Govett's largest shareholder, sold its 23.5 per cent stake – some 19m shares – at below the then market price. Mr Shechtel bought a little more than 4m shares and the rest were sold to more than 30 institutions.

Daily Mail Trust sells wharf

The Daily Mail and General Trust, the newspaper publishing group, has sold its freehold interest in a wharfage in Purfleet, Essex for at least £17.5m.

The proceeds will be used to reduce the group's net debt, which at the last reporting date stood at £378m.

The wharf, previously used to store newsprint before being taken to Fleet Street, has been rendered redundant by the opening of new print works at Surrey Quays.

The asset was held in the DMGT's books at about £15m.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	103	102	Aberforth Sm. Co's. C Shs	103		–	–	–	–
–	F.P.	–	56	51	BTR Warrants 1995/96	51	-2	–	–	–	–
–	F.P.	–	120	115	Baillie Gifford Jap Wrrts	118		–	–	–	–
–	F.P.	–	405	405	Bristol Water Non-Vtg £1	405		–	–	–	–
*335	110	–	125	122	British Telecom New	125	+2½	13.3	2.6	5.1	10.2
140	F.P.	–	143	142	Burn Stewart Dist	142		R5.0	2.3	4.7	11.0
–	F.P.	–	2½	2	Butte Mining Wrrnts.	2		–	–	–	–
†	F.P.	–	75	75	Capital Industries 1p	75		–	–	–	–
100	F.P.	–	88	88	Drayton Korea Tst.	88		–	–	–	–
–	F.P.	–	21	20	Do. Warrants	20		–	–	–	–
–	F.P.	–	228	218	Eurotunnel '91 Wrnts.	228	+10	–	–	–	–
100	F.P.	–	91	88	Fidelity Euro Values	89		–	–	–	–
–	F.P.	–	22	20	Do. Warrants	20	-1	–	–	–	–
–	F.P.	–	33	29	Fleming Japanese Wrrnts.	29	-2	–	–	–	–
§235	F.P.	–	293	288	Frost Group	293		u2.0	0.9	0.9	12.5
–	F.P.	–	21	20	Hanson New Warrants	20¼		–	–	–	–
120	F.P.	–	127	126	Harrington Kilbride	127		R4.5	1.8	4.7	12.9
‡	F.P.	–	25	24¾	Hong Kong Zero Div Pf	25	+½	–	–	–	–
195	F.P.	–	196	191	JIB Group 10p	195		R7.5	1.8	5.1	14.5
£10⅛	F.P.	–	£10⅛	£10⅛	Latin Am Inc & Appr. 1c	£10⅛		–	–	–	–
–	F.P.	–	4	3	Lowe (R) Wrrnts	3		–	–	–	–
–	F.P.	–	¼	¼	Multitrust Warrants	¼		–	–	–	–
60	F.P.	–	59	58	‡Seafield Resources	58		–	–	–	–
50	F.P.	–	33	33	‡Simpsons of Cornhill 5p	33		–	–	–	10.2
100	F.P.	–	104	103	St. Davids Zero Div Pf	104	+½	–	–	–	–
–	F.P.	–	3½	3½	Wills Group Wrrnts.	3½		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	104¼p	100p	Barings 9¼pc Non-Cum. Prf. £1	104¼p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Bd. Deb. 2001	105½	
100p	F.P.	-	103p	100p	Fidelity Euro. Values Equity Ln 2001	100p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	
310p	Nil	-	91pm	37pm	Inchcape Non-Int. Bearing Cv Un Ln	62pm	+1
100p	F.P.	-	104p	100¼p	NatWest Bank 9pc Prf Series A	101¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	–	5pm	5pm	Anglo Irish Bank	5pm	
1	Nil	–	½pm	½pm	Chemex 5p	½pm	
34	Nil	–	4pm	2pm	Cliff Resources	2pm	
235	Nil	–	26pm	24pm	Hartstone	24pm	
12½	Nil	–	4pm	4pm	Oceonics	4pm	
77½	Nil	–	1½pm	½pm	River & Merc. Cap.	1pm	
105½	Nil	–	1½pm	1pm	Do. Inc.	1pm	
113¼	Nil	–	4½pm	3pm	Do. Stpd. Pf	4½pm	-½
17½	Nil	–	1½pm	1½pm	Do. Warrants	1½pm	
125	Nil	–	¼pm	¼pm	Tottenham Hotspur	¼pm	
148	Nil	–	19pm	16pm	Unichem 10p	16pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. e Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Jan. 6
- Last Dealings Jan. 17
- Last Declarations Apr. 2
- For settlement Apr. 13

3-month call rate indications are shown on page 9.

Calls in: Amstrad, Brit. Telecom part/pd., Electronic Data, Kunick, LASMO, Lonrho, Medeva, Midland & Scottish, Trafalgar House, TSB, Wellcome. Put & Call: Willis Corroon.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 04.01.92: Pool purchase price £/MWh	Final Prices for Trading on 01.12.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.23	21.95	21.95
0100	21.13	21.95	24.01
0130	21.13	21.95	24.00
0200	21.13	21.95	23.98
0230	21.13	21.51	23.81
0300	18.81	18.10	20.01
0330	18.81	18.82	18.82
0400	17.19	18.54	18.54
0430	17.15	18.48	18.48
0500	17.12	18.48	18.48
0530	17.10	18.46	18.46
0600	17.10	18.48	18.48
0630	17.10	18.50	18.50
0700	17.10	18.50	18.50
0730	17.11	18.54	18.54
0800	17.11	18.63	18.63
0830	17.15	18.86	20.63
0900	19.11	19.31	21.30
0930	18.86	22.81	24.72
1000	19.50	24.00	28.17
1030	21.13	24.00	28.17
1100	21.89	22.81	24.72
1130	21.89	21.03	23.08
1200	21.13	21.03	23.08
1230	19.50	21.03	23.09
1300	19.11	18.88	20.02
1330	17.16	18.85	18.85
1400	17.13	18.58	18.58
1430	17.13	18.80	18.50
1500	17.12	18.50	18.50
1530	17.12	18.57	18.57
1600	17.18	18.65	18.65
1630	19.11	21.03	23.04
1700	20.79	25.19	27.31
1730	22.70	32.63	34.93
1800	26.43	32.63	34.91
1830	26.43	32.63	34.91
1900	22.95	24.31	26.34
1930	21.48	22.62	24.64
2000	20.79	22.62	24.68
2030	20.21	20.89	22.87
2100	19.50	20.36	22.34
2130	19.50	20.02	21.99
2200	18.86	18.91	20.84
2230	17.15	18.57	18.57
2300	17.11	18.50	18.50
2330	17.10	18.48	18.48
2400	17.09	18.48	18.48

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TODAY: North of England education conference in Southport.

TOMORROW: Mr George Bush, president of the US, arrives in Seoul on official visit (until January 7). Republics to nominate delegates to conference in Belgrade on future of Yugoslavia.

MONDAY: Major British banking groups' quarterly analysis of lending (September - *November*). *London sterling* certificates of deposit (November). Monetary statistics (including bank and building society balance sheets) (November). Bill turnover statistics (November). Sterling commercial paper (November). Big four Japanese economic organisations (Keidanran, Nikkeiren, Keizai Doyukai, Nissho) issue statement. Mr Manuel Noriega goes on trial in a federal court in Miami accused of drug trafficking, money laundering and racketeering.

TUESDAY: Personal *income*, expenditure and saving (third quarter). Industrial and com*mercial companies (third* quarter). Romania conducts national census (until January 14). Mr Bush starts official visit to Japan (until January 9). Mrs Imelda Marcos faces corruption charges in Manila.

WEDNESDAY: Overseas travel and tourism (October). Advance energy statistics *(November)*. Cyclical indicators for the UK economy (October - final estimate). US instalment credit figures (November). European Community Commission and Portuguese government meet in Lisbon. *Middle* East peace talks expected to resume in Washington.

THURSDAY: New vehicle registrations (November). Housing starts and completions (November). House renovations (third quarter). US producer price index (December). European Community fisheries council meets in Brussels. Bundesbank council meeting.

FRIDAY: Usable steel production. US unemployment figures (December); crop production (January). Conference organised by Ministry of European Affairs in Paris to discuss single European market, includes politicians, industrialists, unionists, intellectuals and artists (until January 11).

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 3 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jan 2 Index No.	Tue Dec 31 Index No.	Mon Dec 30 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	744.84	+0.6	9.14	6.46	13.99	0.00	740.66	740.42	726.06	707.77	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	893.81	+1.4	7.79	6.97	17.39	0.00	881.49	880.07	862.60	959.69	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (29)	865.85	+0.4	9.32	8.56	15.45	0.00	862.03	862.25	853.78	1117.59	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (7)	2329.29	+1.4	10.65	6.44	11.81	0.00	2296.79	2267.81	2291.28	1874.01	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (26)	1688.40	-0.7	10.92	5.09	11.60	0.00	1699.48	1709.32	1688.00	1508.26	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	323.58	-0.6	16.70	8.03	7.29	0.00	325.47	328.95	324.22	395.75	469.23 9 /4 /91	318.78 23/12/91	502.42 13/6 /90	318.78 23/12/91
7	Engineering-General (43)	458.15	+0.5	10.43	5.47	11.82	0.00	455.80	453.69	448.48	362.30	503.16 2 /10/91	339.57 23/1 /91	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (10)	310.14	+0.9	2.26	11.21	-	0.00	307.38	306.72	299.40	399.06	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (13)	290.40	+0.4	8.87	8.21	14.97	0.00	289.12	290.14	283.63	289.58	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1507.98	+0.8	7.94	5.43	14.99	0.00	1495.50	1491.83	1446.50	1218.92	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (188)	1603.04	+0.8	7.40	3.45	16.61	0.00	1590.62	1590.88	1546.36	1214.21	1607.13 14/11/91	1188.45 16/1 /91	1607.13 14/11/91	61.41 13/12/74
22	Brewers and Distillers (23)	2002.97	+2.7	8.43	3.54	14.33	0.00	1949.50	1937.69	1887.97	1575.73	2002.97 3 /1 /92	1478.24 25/1 /91	2002.97 3 /1 /92	69.47 13/12/74
25	Food Manufacturing (18)	1242.07	+0.5	8.95	4.08	13.74	0.00	1235.31	1237.52	1212.03	1028.19	1251.91 2 /10/91	1013.60 16/1 /91	1251.91 2 /10/91	59.67 11/12/74
26	Food Retailing (17)	2357.25	-2.6	9.82	3.52	13.22	0.00	2419.31	2411.78	2341.06	2266.45	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (24)	4435.28	+0.5	5.13	2.20	22.36	0.00	4411.95	4422.80	4242.22	2518.70	4435.28 3 /1 /92	2454.93 16/1 /91	4435.28 3 /1 /92	175.38 28/5 /80
29	Hotels and Leisure (24)	1219.58	+0.8	8.55	5.56	14.49	0.00	1210.11	1226.54	1210.89	1195.72	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (23)	1431.03	+1.9	6.81	3.75	18.40	0.00	1404.24	1392.95	1364.36	1214.20	1565.67 20/9 /91	1166.91 16/1 /91	1565.67 20/9 /91	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	723.87	+1.3	7.44	4.59	16.29	0.00	714.55	710.26	699.61	517.30	788.41 9 /9 /92	486.96 16/2 /91	788.41 9 /9 /92	43.46 6 /1 /75
34	Stores (32)	973.66	+0.5	7.57	3.82	17.48	0.00	968.67	973.65	950.34	774.49	1042.47 8 /11/91	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	597.44	+0.4	7.76	5.20	16.45	0.00	595.03	588.92	578.94	404.10	652.30 1 /11/91	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (115)	1197.46	+0.5	10.13	5.56	12.45	0.00	1191.03	1191.65	1166.20	990.20	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41	Business Services (16)	1385.52	.....	7.25	4.73	17.55	0.00	1385.89	1380.72	1349.01	999.40	1447.24 4 /10/91	892.28 1 /2 /91	1447.24 4 /10/91	892.28 1 /2 /91
42	Chemicals (21)	1410.58	+0.3	7.17	5.20	17.24	0.00	1406.13	1417.81	1349.74	1024.13	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (11)	1306.83	+2.0	11.54	7.94	10.52	0.00	1281.70	1277.43	1242.12	1232.99	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2349.02	+0.5	5.46	4.81	24.11	0.00	2336.86	2320.26	2283.77	1875.33	2425.36 2 /10/91	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1206.07	+0.5	15.04	6.16	8.65	0.00	1199.76	1208.39	1195.50	997.70	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46	Telephone Networks (4)	1414.16	+1.0	11.10	4.43	11.77	0.00	1399.96	1398.14	1379.96	1134.19	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47	Water (10)	2165.84	-0.9	19.71	7.34	5.59	0.00	2186.49	2183.42	2175.58	2184.42	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48	Miscellaneous (23)	1770.94	-0.5	5.62	5.52	24.47	0.00	1779.89	1781.50	1737.61	1552.91	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (481)	1257.28	+0.7	8.55	4.63	14.61	0.00	1248.59	1248.83	1218.31	1021.52	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51	Oil & Gas (19)	2195.96	-1.4	11.65	6.38	11.35	0.00	2226.66	2224.03	2152.67	2271.99	2509.42 23/7 /91	2101.45 21/1 /91	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1340.21	+0.4	8.91	4.83	14.15	0.00	1334.49	1334.53	1300.73	1124.39	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61	FINANCIAL GROUP (87)	726.29	+0.5	-	6.41	-	0.00	722.62	719.47	702.47	700.55	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	864.41	+0.9	4.57	6.14	43.34	0.00	856.69	858.30	834.79	743.56	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65	Insurance (Life) (6)	1490.13	-0.2	-	5.73	-	0.00	1492.66	1482.47	1435.07	1239.24	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	524.46	+0.6	-	8.31	-	0.00	521.36	504.20	484.11	602.65	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	969.04	+0.3	8.42	6.91	15.64	0.00	966.34	980.77	972.55	996.79	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	446.59	+0.9	0.38	4.80	348.29	0.00	442.82	438.82	438.09	352.80	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69	Property (34)	784.69	-0.2	6.98	5.88	20.40	0.00	786.38	791.06	786.86	959.85	1087.65 15/3 /91	784.14 20/12/91	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (14)	233.38	+0.7	11.42	7.66	11.04	0.00	231.83	228.71	227.13	251.10	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1170.56	+0.2	-	3.71	-	0.00	1168.27	1162.81	1136.98	986.61	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (658)	1193.57	+0.4	-	4.99	-	0.00	1188.44	1187.70	1157.95	1019.78	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 2	Dec 31	Dec 30	Dec 27	Dec 24	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2504.1	+11.3	2515.7	2493.1	2492.8	2493.1	2420.0	2418.7	2384.4	2117.8	2679.6 2 /9 /91	1990.2 28/9 /90	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jan 3	Day's change %	Thu Jan 2	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.59	+0.26	121.27	1.91	0.00
2	5-15 years (27)	135.98	+0.22	135.68	2.61	0.00
3	Over 15 years (8)	144.87	+0.22	144.56	1.71	0.00
4	Irredeemables (6)	159.69	+0.08	159.56	1.44	0.00
5	All stocks (68)	133.73	+0.23	133.42	2.31	0.00
	Index-Linked					
6	Up to 5 years (2)	167.11	+0.16	166.84	0.97	0.00
7	Over 5 years (9)	147.00	+0.27	146.61	0.79	0.00
8	All stocks (11)	148.66	+0.26	148.28	0.81	0.00
9	Debs & Loans (62)	115.36	+0.17	115.16	2.26	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 3	Thu Jan 2	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	8.91	8.95	10.02	10.14 16/1 /91	8.42 12/11/91
2	Coupons	15 years	9.34	9.35	10.02	10.24 2 /1 /91	9.24 18/9 /91
3	(0%-7¾%)	20 years	9.34	9.35	10.02	10.26 2 /1 /91	9.24 18/9 /91
4	Medium	5 years	9.76	9.82	10.93	11.15 2 /1 /91	9.56 20/9 /91
5	Coupons	15 years	9.44	9.45	10.41	10.62 2 /1 /91	9.41 20/9 /91
6	(8%-10¾%)	20 years	9.39	9.40	10.30	10.50 2 /1 /91	9.35 18/9 /91
7	High	5 years	9.97	10.04	11.05	11.25 2 /1 /91	9.75 20/9 /91
8	Coupons	15 years	9.50	9.51	10.60	10.80 2 /1 /91	9.50 18/9 /91
9	(11%-)	20 years	9.42	9.44	10.47	10.67 2 /1 /91	9.41 18/9 /91
10	Irredeemables	†	9.54	9.54	10.36	10.48 31/12/90	9.43 18/9 /91
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.11	4.14	4.10	4.48 15/7 /91	3.59 18/1 /91
12	Inflation rate 5%	Over 5 yrs.	4.41	4.42	4.14	4.45 31/12/91	4.09 18/2 /91
13	Inflation rate 10%	Up to 5 yrs.	3.48	3.50	2.79	3.60 9 /7 /91	2.13 21/2 /91
14	Inflation rate 10%	Over 5 yrs.	4.23	4.24	3.96	4.27 31/12/91	3.90 12/4 /91
15	Debs &	5 years	11.17	11.30	12.53	12.63 9 /1 /91	11.08 25/9 /91
16	Loans	15 years	10.98	11.01	12.33	12.38 18/1 /91	10.84 23/9 /91
17		25 years	10.80	10.79	12.13	12.16 18/1 /91	10.66 23/9 /91

‡Opening index 2499.4; 9 am 2513.8; 10 am 2507.9; 11 am 2512.1; Noon 2511.7; 1 pm 2501.3; 2 pm 2494.3; 2.30 pm 2495.4; 3 pm 2502.3; 4.10 pm 2504.1; (a) 11.26am (b) 1.53pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
[illegible]							
Unilever (*909)	850	63½	83½	96½	2½	12½	17½
	900	24½	48½	63½	14½	30½	36½
Ultramar (*266)	260	9½	18	26	5	18	-
	280	3	10½	-	20	30½	-
Brit Aero (*291)	300	11½	18	21½	18½	33	33½
	330	4½	8	12½	40½	56½	53½
BAA (*550)	500	55½	71½	77½	3	8	11½
	550	20	39	45	16	24	29
Eurotunnel (*400)	390	34	50	60	18	28	30
	420	20	38	45	35	43	52½
Glaxo (*853)	850	53	84½	108	40½	52½	65½
	900	30	61	-	71½	78½	-
Hawker Sidd. (*751)	750	13	27½	-	26½	30½	-
	800	3	8½	-	-	-	-
Hillsdown (*165)	160	15½	20	23	4½	9½	11½
	177	8	-	-	12½	-	-

[illegible]								
Feb	16	22	29½	42	60½	86½	119	159
Mar	26	33½	43½	56£	75½	99	129	165
Apr	34½	42½	54½	69½	89½	112	142	177
Jan	51½	-	75	-	105	-	158	-
Dec †	80	-	105	-	135	-	190	-

January 3 Total Contracts 21,048
Calls 14,930 Puts 6,118
FT-SE Index Calls 5,483 Puts 2,066
Euro FT-SE Calls 673 Puts 325
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

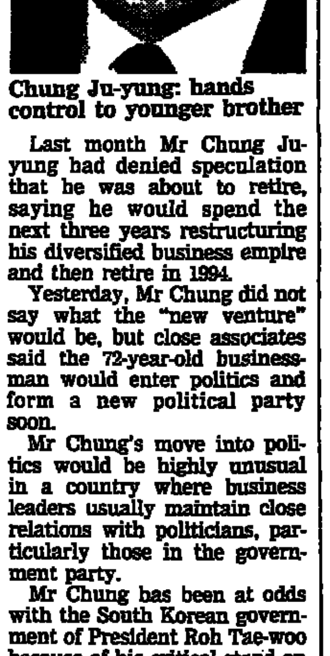
■ INDUSTRIALS	p								
Allied-Lyons	50	Charter Cons.	42	Ladbroke	19	Sears	8½	■ OILS	
Amstrad	4	Comm Union	34	Legal & Gen	30	SmKl Bchm A	70	Aviva Pet	1½
Astec (BSR)	5	Courtaulds	40	Lex Service	16	TI	41	BP	30
BAT Inds	53	Eurotunnel	40	Lloyds Bank	24	TSB	9	Burmah Castrol	38
BOC	48	FKI	5	Lonhro	18	Tesco	15½	Conroy Pet	4
BTR	33	FNFC	5	Lucas Inds	11	Thorn EMI	59½	Gaelic Res	½
Barclays	24	Forte	20	Marks Spencer	22	T & N	10½	Premier Cons	4
Blue Circle	18	GKN	24	Midland Bank	17	Unilever	78	Shell	41
Boots	33	Gen Accident	37	NatWest Bank	21	Vickers	13½	Tuskar Res	1½
Bowater	54	GEC	15	P & O Dfd	35	Wellcome	80	Ultramar	20
Brit Aerospace	18	Glaxo	64	Racal Elect	4½	■ PROPERTY		■ MINES	
British Steel	10	Grand Met	70	RHM	20	Brit Land	20½	RTZ	38
Brit Telecom	25	GRE	11	Rank Org	47	Land Sec.	36		
Cadburys	34	Hanson	15	Ratners	6	MEPC	33		
		ICI	88	Reed Intl	42	Mountleigh	3		

Founder of Hyundai retires from business

MR CHUNG JU-YUNG, founder and honorary chairman of the Hyundai group, one of South Korea's largest conglomerates, announced yesterday that he has retired from business to start "a new venture", believed to be a new political party, AP-DJ reports from Seoul.

"I retired from the group's management as of December 31 1991, and now I will do a new venture," Mr Chung said after meeting with senior company officials.

He said Hyundai, which is the second largest *chaebol*, the conglomerates which dominate the South Korean economy, would now be run and controlled by his younger brother, Mr Chung Se-yung, who headed the successful expansion of the Hyundai car subsidiary into the world market.



Chung Ju-yung: hands control to younger brother

Last month Mr Chung Ju-yung had denied speculation that he was about to retire, saying he would spend the next three years restructuring his diversified business empire and then retire in 1994.

Yesterday, Mr Chung did not say what the "new venture" would be, but close associates said the 72-year-old businessman would enter politics and form a new political party soon.

Mr Chung's move into politics would be highly unusual in a country where business leaders usually maintain close relations with politicians, particularly those in the government party.

Mr Chung has been at odds with the South Korean government of President Roh Tae-woo because of his critical stand on its economic and other policies.

Last year, Mr Chung and his family were forced to pay won 136.1bn in penalty taxes for allegedly illegal stock transactions aimed at evading inheritance or donation taxes.

● Mr Lee Myung-bak, Mr Chung's closest aide, also announced his retirement yesterday as chairman of Hyundai Engineering and Construction, Reuter reports from Seoul.

Leaner, fitter Greyhound finds its running form

Nikki Tait asks what months of protection from creditors has helped the US bus company achieve

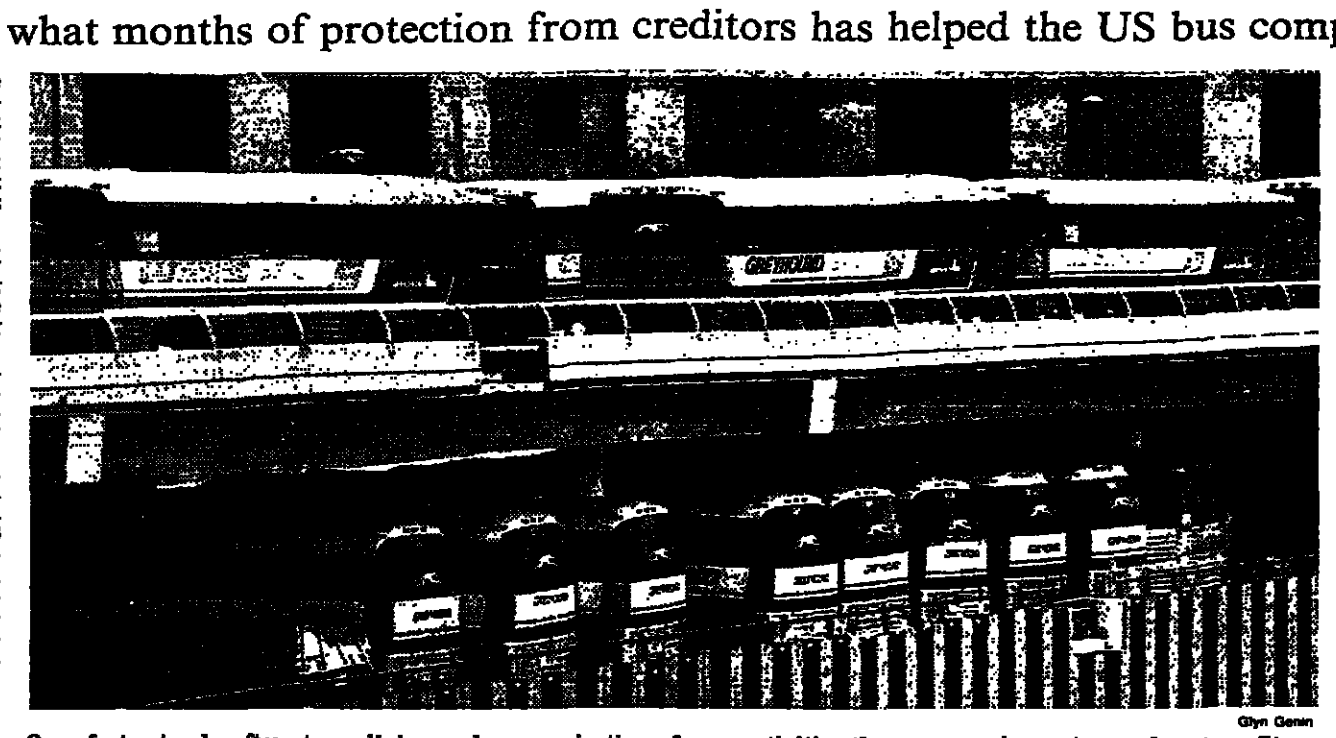
Mr Mike Doyle, finance director of Greyhound Lines, has just zoomed into work on a new motorcycle. Intrigued, staff at the US bus company spill out of their corporate headquarters to admire.

Two things are worth noting. First, there aren't very many of them. Secondly, the building from which they appear – one of the soulless edifices flanking a freeway north of Dallas – seems to belong to a bank. In fact, Greyhound's spartan offices, only occupied in November, are subleased at the back.

But this leaner look is all part of a new image. After a violent drivers' strike tipped Greyhound into bankruptcy 18 months ago, America's best-known bus operator has been struggling to drive its outmoded operations into the 1990s. A financial reorganisation was agreed with creditors last autumn, and bankruptcy status shed. Almost unmarked by US commentators, Greyhound shares also started trading on the American Stock Exchange in November. Now comes the hardest part – cranking out the profits.

Ever since the US airline industry was deregulated in 1978, competitive pressure on bus operators has been intense. Deregulation gave birth to a crop of new, low-cost airlines, and sent domestic fares spiralling downwards. Since then, many of these carriers have either failed or merged, but a lingering glut of cash-strapped airlines means that fare-discounting is still rife.

The damage to Greyhound has been immense. Imagine, for example, that you want to journey between Tuscon and Phoenix, Arizona's two main cities. A one-way flight would cost you less than $60 and get you there in 45 minutes. With a little advance planning you might obtain a Greyhound fare for $15.75, but you would spend two hours bumping down a freeway. Small wonder that most Greyhound customers have an annual income of $25,000 or less, and the average ticket sale is $35.



Glyn Genin

On a faster track: after streamlining and reorganisation of core activities the company hopes to crank out profits

Greyhound's financial position has not helped it to compete, either. The bus operation was born over 75 years ago when an enterprising Swedish immigrant started transporting miners in Minnesota. By the mid-1980s, however, it was simply one part of a much larger conglomerate. In 1987, a $350m leveraged buyout took place – led by Mr Fred Currey, former chief executive of the rival Trailways bus line – and Greyhound became a private company.

Mr Currey took some much-needed steps. He acquired Trailways, renovated some of Greyhound's oldest terminals, installed a computer system to improve ticketing and internal information, and boosted advertising. "We didn't used to know about ticket sales for 45 days," recalls one employee, spelling out how backward the systems were.

But the $375m lump of LBO debt hung around Greyhound's neck. Between 1987 and 1990, the company was never more than marginally profitable, although its "regular route" revenues increased significantly to almost $720m.

Meanwhile, labour tensions were rising. Mr Currey secured big wage concessions at the time of the buyout. But in early 1990, attempts to negotiate a new contract with the Amalgamated Transit Union – representing about 8,500 drivers, clerks and mechanics – proved fruitless. The bloody strike followed, and bankruptcy was only a few months behind.

So what has months of protection from creditors, and the subsequent reorganisation plan, achieved? Even today, Greyhound does not start with a clean financial sheet. Under the complex reorganisation scheme, many creditors swapped their claims for equity in the ongoing company – currently valued at $80m – plus a $165m tranche of senior notes. Coupled with bank debt (and excluding operating leases), this means the company still has over $300m of long-term borrowings.

But the strike did accelerate the operational streamlining. Peripheral businesses, like the charter operations and bus manufacturing, have been wound down or sold, while a "package express" delivery service – which never recouped the "small business" element that quickly defected when services were interrupted – is a shadow of its former self.

More significantly, core operations are also being reorganised. Although badly hit in the early days of the strike, Greyhound quickly recruited non-union drivers and claimed to be running almost 90 per cent of its pre-strike service within months.

A rescheduling of operations, however, coupled with more flexible working arrangements, means that this network is now being serviced with around 3,700 drivers, compared with 6,300 pre-strike. The number of buses and maintenance facilities has also been sharply pruned.

This process is not at an end. Greyhound says that its aim is to instigate something akin to an airline "hub" structure, where buses would feed in and out of regional centres, rather than the traditional point-to-point service. Further improvements in its computer systems could help short-notice pricing decisions. It is, however, a delicate process: Greyhound is acutely aware of criticism suggesting that some small communities may be left without a transport service.

Whether this adds to a rebirth remains debatable. In its reorganisation plan, Greyhound projected net profits rising from $37.4m in 1992, to $46.9m in 1996, with total revenues increasing by about 15 per cent over the same period. But capital expenditure is still tight, running at little more than $30m a year at present.

Almost half this figure is going on bus renovations; for $25,000 a bus can be completely overhauled while a new vehicle costs $225,000. But such refurbishments, repeatable twice or three times, only last three to five years. The average age of a Greyhound bus is already nine years, and replacements will be necessary at some stage.

The labour problem is not quite buried, either. Although the bankruptcy court approved the reorganisation plan, a legal appeal by the ATU is still outstanding. There is also a back-pay claim running to tens of millions of dollars, although estimated by the bankruptcy court at a maximum $31.25m.

This is based on union claims that Greyhound bargained in bad faith. Not surprisingly, the bus company says not – but its lawyers estimate that five years could elapse before a final legal determination is made.

All this, moreover, is no longer in the hands of Mr Currey. He departed with a $1m cash payoff plus $600,000 for non-competition provisions, and has been replaced by Mr Frank Schmieder, previously chief operating officer.

In all honesty, it would be hard to tag Greyhound as the growth stock of 1992. But its shares have bumped along at the $8 level – a respectable edge on the $4 to $7.50 valuation suggested by Goldman Sachs, its adviser, last summer. While the famous Greyhound may not be sprinting home, it is at least up and running.

Berlusconi hints at interest in La Cinq

By Alice Rawsthorn in Paris

MR SILVIO BERLUSCONI, the controversial Italian media mogul, has indicated an interest in taking charge of La Cinq, the collapsed French television station in which he is a major shareholder.

La Cinq, which has for some time been struggling to resolve its financial problems, on New Year's Eve announced its intention to file for bankruptcy. Once an administrator has been appointed there will be three months to find a new owner, or to put together a rescue package, otherwise the channel will close.

Mr Berlusconi, who owns 25 per cent of La Cinq through Fininvest, one of his holding companies, has been a sizeable shareholder ever since the station's launch in 1986 as part of the French government's television deregulation drive.

Initially Mr Berlusconi ran La Cinq together with Mr Jerome Seydoux, the textile magnate who is a close associate of President François Mitterand. Mr Seydoux was ousted in 1987, after Mr Jacques Chirac's right wing government came to power, in favour of Mr Robert Hersant, the conservative press baron. Mr Berlusconi has since taken a back seat. For the past 18 months La Cinq has been run by Hachette, the media group which also owns 25 per cent of the station.

Mr Berlusconi is now interested in running La Cinq "providing the conditions are right", according to Mr Angelo Codignoni, Fininvest's representative in France. One potential obstacle would be that Mr Berlusconi already holds the maximum stake – 25 per cent – in La Cinq permitted under French law.

Moreover, the French government also imposes strict controls over the sourcing and content of television programmes. Given that French television has been structured specifically to prevent a repetition of the Italian system – where Mr Berlusconi's channels are notorious for showing soft pornography and pulp programmes – it seems unlikely that the government would amend its legislation specifically to allow him to play a more active role in La Cinq.

However, the French authorities are keen to find a way of salvaging their fifth channel.

The disappearance of La Cinq would have serious implications throughout the French television industry. Télédiffusion de France (TDF) the satellite operator that broadcasts La Cinq, warned yesterday that the channel's closure would have "damaging consequences" for its finances.

NIC forecasts profit of $8m

NATIONAL Industrialisation Company (NIC) of Saudi Arabia expects net profits of $8m for 1991, up 67 per cent on 1990, Reuter reports from Manama.

NIC, a joint stock company, was established in 1985 to set up petrochemical, chemical, electrical and mechanical engineering projects in the kingdom. The Riyadh-based company offered new shares to its 40,000 founder shareholders worth SR300m ($80m) in November to double its paid-in capital to SR600m. The offer was oversubscribed.

It was the third share offering last year by big Saudi companies.

Malaysia's top brokers post improved turnovers

By Lim Sion Hoon in Kuala Lumpur

RASHID HUSSAIN and TA Enterprise, Malaysia's two largest stockbrokers, have posted higher turnovers, but their operating profit margins narrowed, reflecting substantial increases in interest payments.

The higher turnovers partly reflected acquisitions – in banking and property by Rashid Hussain and in insurance by TA Enterprise – following a government-imposed capital restructuring of brokerages in the past two years.

TA Enterprise reported a 28 per cent rise in turnover to M$96m for the year to October, from M$75m a year earlier. Pre-tax operating profits rose 6 per cent to M$42.5m (US$15.6m), after interest payments soared 221 per cent to M$13.3m. Net profits slipped marginally to M$25.6m or 21.3 cents a share compared with 21.5 cents.

Rashid Hussain recorded a 33 per cent rise in turnover to M$56m for the six months to November, from M$42m a year earlier. Operating profits rose 5 per cent to M$22.1m. Net profits rose 40 per cent to M$17.5m, or 10.4 cents a share, from M$12.5m or 7.4 cents.

KL plantation group advances

KUALA Lumpur Kepong, one of Malaysia's largest plantation groups, has reported a small rise in pre-tax profits to M$85.5m (US$31.4m) for the year to September, from M$84.8m a year earlier, writes Lim Siong Hoon in Kuala Lumpur.

The improved results were attributed to higher palm oil prices, which helped lift turnover by 7.2 per cent to M$381m from M$356m.

The group net operating margin declined, however, from 17.7 per cent to 17 per cent of turnover while the net return on equity capital stood at 5.9 per cent, compared with 5.8 per cent previously.

Securities trading hits record level in Frankfurt

By Andrew Fisher in Frankfurt

TURNOVER on the Frankfurt securities market reached a record DM2,430bn ($1,500bn) last year, a rise of 2 per cent. Trading in bonds was up sharply, while share dealings fell, although the DAX share index rose by 15.5 per cent on the year.

Figures for German securities markets as a whole – there are eight bourses – showed that Frankfurt increased its share of business to 70 per cent from 66 per cent. The German securities market federation said total German turnover in bonds and stocks was DM3,450bn, a drop of 5 per cent.

In Frankfurt, turnover in bonds was 21 per cent higher at DM1,520bn, while business in shares fell by 20 per cent to DM904bn. The city's traditional predominance of bond trading over stocks was thus restored, the Frankfurt Securities Exchange said.

Average daily turnover in Frankfurt rose from DM9.6bn to DM9.7bn. The exchange said both total turnover and turnover in shares alone was higher in the first than in the second half.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$352.15	-1.20	$387.50	$403.25	$345.25
Silver Per troy oz	214.55	+6.55	216.10p	280.55p	183.35p
Aluminium 99.7% (cash)	$1107.5	-6.0	$1562.0	$1570	$1082.5
Copper Grade A (cash)	£1150.50	-4.25	£1332.5	£1472	£1147.0
Lead(cash)	£288.50	-1.75	£316.5	£382.5	£282.75
Nickel (cash)	$7177.5	+22.5	$8762.5	$9237.5	$7090.0
Zinc SHG (cash)	$1145.00	-21.25	$1264	$1430	$990.25
Tin (cash)	$5517.5	-60.0	$5710	$5915	$5452.5
Cocoa Futures (May)	£758		£680	£829	£596
Coffee Futures (Mar)	£525	-27.0	£578	£619	£487
Sugar (LDP Raw)	$228.0	-2.50	$229.0	$293	$194
Barley Futures (Mar)	£122.70	+0.20	£118.0	£122.95	£107.75
Wheat Futures (Mar)	£128.15	-0.25	£123.00	£141.10	£111.80
Cotton Outlook A Index	60.80c	-0.55	83.75c	86.25c	60.80c
Wool (64s Super)	415p		414p	421p	329p
Oil (Brent Blend)	$18.275x	+0.60	$23.875	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-5.40q	+.075
Brent Blend (dated)	$18.45-8.55	+.025
Brent Blend (Feb)	$18.25-8.30	-.025
W.T.I (1 pm est)	$19.25-9.35q	-0.15

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$195-198	
Gas Oil	$168-170	+1.5
Heavy Fuel Oil	$65-66	+1
Naphtha	$184-186	-1

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$352.15	-0.10
Silver (per troy oz)♣	399.5c	+3.00
Platinum (per troy oz)	$337.00	+1.50
Palladium (per troy oz)	$80.00	+0.45
Copper (US Producer)	101.80	
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.83r	-0.02
Tin (New York)	258.00c	-3.00
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.75p	+0.11*
Sheep (dead weight)†	189.12p	+10.1*
Pigs (live weight)†	81.89p	-8.90*
London daily sugar (raw)	$228.0t	-6.0
London daily sugar (white)	$272.5t	-2.0
Tate and Lyle export price	£230.0	-2.5
Barley (English feed)	£125.5	
Maize (US No. 3 yellow)	£147.5	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	48.50p	+0.75
Rubber (Mar)♥	49.00p	+0.75
Rubber (KL RSS No 1 Feb)	213m	
Coconut oil (Philippines)§	$680z	-20
Palm Oil (Malaysian)§	$360u	
Copra (Philippines)§	$447.5t	-2.5
Soyabeans (US)	£140.5	-0.5
Cotton "A" Index	60.80c	
Wooltops (64s Super)	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	184.80	189.40	189.00	183.20
May	183.00	185.80	185.00	183.00
Oct	183.00	184.00	187.80	182.00
White	**Close**	**Previous**	**High/Low**	
Mar	269.0	273.0	273.5	267.9
May	271.0	274.4	273.7	268.4
Aug	276.5	278.0	277.7	273.6
Oct	257.7	260.0	258.5	256.6
Dec	257.4	259.5	257.7	256.0
Mar	258.4	260.0	257.7	256.8

Turnover: Raw 302 (231) lots of 50 tonnes. White 1976 (695)
Paris- White (FFr per tonne): Mar 1443.71, May 1463.23

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Feb	18.38	18.36	18.68	18.14
Mar	18.22	18.26	18.50	18.01
Apr	18.05	18.15	18.39	18.01
May	18.00	18.06	18.12	18.00
Jun	18.05	18.02	18.05	
Jul	18.05	18.00	18.22	18.00
Aug	18.08	18.06	18.08	
Sep	18.15	18.05	18.15	18.11
IPE Index	18.27	17.84	18.27	

Turnover 13000 (21523)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jan	165.25	163.50	169.00	163.50
Feb	165.75	164.50	169.00	164.75
Mar	165.00	163.75	168.00	164.50
Apr	164.00	162.75	167.00	163.50
May	163.50	162.50	165.00	163.50
Jul	168.25	166.00	168.25	167.25
Aug	170.50	168.50	170.50	170.00
Sep	172.00	170.50	172.00	

Turnover 18025 (14315) lots of 100 tonnes

SPICES
The downward trend in spice prices over the past year is illustrated by the following figures, reports Man-producten. The January 1992 price is given first, with the January 1991 price in brackets. Nutmegs: abcd US$2,000 a tonne ($2,675); ss $1,350 ($1,700); bwp $750 ($1,050); mace $1,975 ($2,625). Cloves: Madagascar $1,600 ($2,000). Cassia: vera a $1,950 ($2,000); kor b $1,250 ($1,300). Allspice: Mexico $2,150 ($1,550); Jamaica $2,350 ($2,500). Ginger: cochin $1,000 ($2,000).

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	732	733	738	727
May	758	759	761	752
Jul	783	783	786	776
Sep	807	807	810	803
Dec	840	840	842	834
Mar	868	868		
May	884	885		
Jul	900	902		
Sep	916	916	920	915
Dec	941	940	940	

Turnover: 5343 (10071) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.2 835.80 (835.90) 10 day average for Jan.3 867.96 (874.28)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Jan	963	952	950	942
Mar	965	952	962	937
May	966	960	965	945
Jul	980	977	975	965
Sep	994	991	994	987
Nov	1010	1025	1006	1005
Jan	1025		1020	

Turnover:2205 (2261) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan.2: Comp. daily 61.25 (61.51) 15 day average 62.01 (62.16)
Sterling close: January £522 , March £ 525

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	119.6	123.0	120.0	119.0
May	137.5	120.7		

Turnover 58 (53) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	122.00	122.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Jan	1507		1525	1510
Mar	1525		1540	
Apr	1545		1560	1540
BFI	1489	1491		

Turnover 108 (5)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Jan	125.70	126.05	125.80	125.80
Mar	129.15	129.65	129.70	129.20
May	132.65	133.15	133.20	132.75
Barley	**Close**	**Previous**	**High/Low**	
Jan	119.50	119.60	119.60	
Mar	122.70	122.90		

Turnover: Wheat 115 (124). Barley 1 (89).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	107.5	107.4	107.0
Feb	107.5	108.0	107.5
Mar	107.5	108.5	107.5
Apr	107.5	109.0	107.5
May	110.0	110.0	
Jun	110.0		109.5

Turnover:24 (40)lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	128.68	130.94			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,523 lots
Cash	1107-8	1119-20		1103-3.5		
3 months	1130-1	1142-3	1135/1124	1126-6.5	1131-2	121,095 lots
Copper, Grade A (£ per tonne)						Total daily turnover 33,019 lots
Cash	1150-1	1146.5-7.5	1151/1139	1139-40		
3 months	1179.5-80.0	1176.5-7.0	1179/1170	1170-0.5	1181-1.5	100,330 lots
Lead (£ per tonne)						Total daily turnover 1,722 lots
Cash	288-9	289-9.25	288.25/288.25	288.25-8.5		
3 months	299-9.5	300-0.25	300/299	299-9.25	299.5-0.5	15,446 lots
Nickel ($ per tonne)						Total daily turnover 1,694 lots
Cash	7175-80	7170-80	7165/7165	7165-70		
3 months	7225-30	7220-5	7235/7205	7210-20	7235-40	19,156 lots
Tin ($ per tonne)						Total daily turnover 820 lots
Cash	5515-20	5595-605	5550/5520	5520-2		
3 months	5565-70	5645-50	5615/5565	5570-2	5560-5	lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,896 lots
Cash	1144-6	1170-2		1160-1		
3 months	1105-6	1122-3	1117/1104	1112-3	1110-1	39,710 lots

LME Closing £/$ rate:
SPOT: 1.8464 3 months: 1.8183 6 months: 1.7885 9 months: 1.7588

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	351.90-352.40	
Opening	352.00-352.40	
Morning fix	352.40	189.157
Afternoon fix	353.00	190.276
Day's high	353.60-354.00	
Day's low	351.70-352.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.64	6 months	3.43
2 months	3.58	12 months	3.31
3 months	3.51		

Silver fix	p/fine oz	US cts equiv
Spot	214.55	398.50
3 months	220.15	402.50
6 months	225.70	406.35
12 months	236.85	414.70

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.00-354.00	190.25-190.75
Maple leaf	364.50-365.50	196.50-197.00
New Sovereign	86.00-87.00	46.50-47.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1050	82	112	6	14
1150	21	50	44	50
1250	3	17	124	115
Copper (Grade A)	**Calls**		**Puts**	
2050	108	123	10	28
2150	43	65	43	68
2250	11	29	110	130
Coffee	**Mar**		**Mar**	
500	42		16	
550	16		42	
600	7		81	
Cocoa	**Mar**	**May**	**Mar**	**May**
700	193	78	26	18
725	176	60	34	27
750	158	46	42	38
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1800	52	90	23	54
1850	32	65		
1900	19	41		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	350.4	352.1	353.0	353.0
Feb	351.5	353.2	354.7	351.4
Mar	352.5	354.2	353.5	353.5
Apr	353.7	355.4	357.0	353.5
Jun	355.8	357.5	356.6	355.5
Aug	357.9	359.6	360.4	358.0
Oct	359.8	361.5	360.3	360.3
Dec	362.0	363.7	364.6	362.3
Feb	364.2	366.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	333.5	337.6	339.5	335.0
Apr	334.0	338.6	339.8	333.6
Jul	335.5	339.9	341.0	337.0
Oct	340.8	344.8	345.5	343.0
Jan	342.0	345.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	394.5	394.7	400.0	393.0
Feb	395.8	396.1	0	0
Mar	397.2	397.5	404.0	396.0
May	400.6	400.9	408.0	399.5
Jul	403.8	404.1	411.0	403.5
Sep	407.0	407.3	410.0	407.0
Dec	412.0	412.3	418.0	412.0
Jan	413.8	414.1	0	0
Mar	417.4	417.7	0	0
May	421.2	421.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	95.40	95.10	95.50	94.30
Feb	95.90	95.55	95.95	95.10
Mar	96.05	95.70	96.20	94.85
Apr	96.10	95.85	96.10	95.55
May	96.25	96.05	96.30	95.50
Jun	96.40	96.20	96.10	95.90
Jul	96.45	96.20	96.60	95.75
Aug	96.50	96.30	96.30	95.70
Sep	96.50	96.35	96.40	96.00
Oct	96.50	96.25	96.20	95.90

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	19.43	19.49	19.78	19.16
Apr	19.42	19.48	19.70	19.18
May	19.39	19.49	19.66	19.22
Jul	19.30	19.52	19.62	19.15
Oct	19.40	19.58	19.63	19.57
Nov	19.65	19.61	19.65	19.65

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5225	5156	5270	5140
Mar	5300	5269	5365	5236
Apr	5300	5282	5365	5240
Jun	5200	5171	5260	5170
Aug	5325	5251	5370	5325

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1229	1253	1245	1223
May	1269	1291	1282	1264
Jul	1304	1325	1311	1300
Sep	1331	1348	1345	1345
Dec	1373	1385	1382	1376
Mar	1405	1413	0	0
May	1427	1435	0	0
Jul	1449	1460	0	0
Sep	1470	1482	1482	1470
Dec	1498	0	1506	1500

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	79.30	79.00	79.75	77.50
May	81.95	81.70	82.35	80.25
Jul	84.55	84.40	84.75	82.90
Sep	86.75	86.50	87.00	86.70
Dec	91.00	90.25	89.25	89.25
Mar	93.50	93.25	92.25	92.05
May	95.50	95.40	95.65	93.90

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.40	8.59	8.60	8.40
May	8.37	8.53	8.53	8.36
Jul	8.37	8.49	8.50	8.36
Oct	8.27	8.39	8.39	8.26
Mar	8.27	8.41	8.41	8.27
May	8.26	8.40	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.83	62.30	60.35	59.76
May	61.29	63.95	61.65	61.25
Jul	62.55	64.18	62.90	62.40
Oct	63.90	65.55	64.15	63.90
Dec	64.31	65.90	64.49	64.25
Mar	65.70	0	65.75	65.75

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	156.00	155.80	156.90	155.60
Mar	156.55	156.60	157.75	156.50
May	157.25	157.40	158.00	157.00
Jul	157.25	157.40	158.50	157.75
Sep	156.35	156.60	157.20	157.00
Nov	148.50	147.65	0	0
Jan	146.25	144.95	0	0
Mar	146.25	144.95	0	0
May	146.25	144.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan.3	Jan.2	mnth ago	yr ago
1591.2	1591.3	1621.2	1698.7

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan.2	Dec.31	mnth ago	yr ago
Spot	109.66	109.79	115.28	123.85
Futures	120.17	120.14	127.31	128.56

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	551/0	549/4	552/4	549/2
Mar	551/0	550/2	553/0	548/4
May	556/4	558/2	558/6	554/4
Jul	563/6	564/6	566/6	563/0
Aug	567/4	568/4	569/6	567/4
Sep	568/0	571/0	571/0	568/0
Nov	571/6	574/4	576/0	571/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	18.45	18.40	18.55	18.35
Mar	18.69	18.68	18.85	18.60
May	19.00	18.97	19.15	18.93
Jul	19.32	19.27	19.44	19.25
Aug	19.49	19.43	19.60	19.42
Sep	19.61	19.57	19.73	19.57
Oct	19.68	19.66	19.82	19.66
Dec	20.00	19.96	20.05	19.95

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	170.7	172.1	172.8	170.5
Mar	169.6	170.5	171.2	169.1
May	169.8	170.6	170.9	169.2
Jul	170.8	171.5	172.0	170.5
Aug	171.6	172.5	172.8	171.6
Sep	172.6	173.0	173.5	172.3
Oct	185.6	186.2	186.2	185.6
Dec	187.5	187.7	188.0	187.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	248/8	250/4	250/6	248/4
May	254/4	256/6	256/4	254/2
Jul	259/4	261/2	261/2	259/2
Sep	258/4	259/2	259/4	258/2
Dec	257/0	257/6	257/6	256/4
Mar	263/6	264/0	263/6	263/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	399/4	400/5	402/4	395/0
May	376/6	378/0	380/4	374/0
Jul	339/2	340/4	343/4	339/4
Sep	342/4	342/0	346/4	342/4
Dec	353/0	352/4	354/0	351/0
Mar	356/0	357/2	358/0	356/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	71.82	72.65	72.40	71.87
Apr	72.92	73.27	73.25	72.85
Jun	68.42	68.65	68.65	68.35
Aug	66.40	66.57	66.60	66.35
Oct	66.90	67.15	66.95	66.70
Dec	67.85	68.20	68.00	67.65

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	38.95	38.97	39.27	38.82
Apr	37.30	37.35	37.50	37.28
Jun	42.47	42.57	42.72	42.37
Jul	43.17	43.15	43.30	43.05
Aug	41.85	41.95	42.07	41.80
Oct	39.50	39.50	39.65	39.20
Dec	42.40	42.37	42.55	42.35

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	35.50	36.12	36.65	35.32
Mar	35.80	36.35	36.87	35.76
May	37.10	37.45	37.70	36.92
Jul	37.30	37.60	37.95	37.22
Aug	36.60	36.77	37.10	36.60

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark declines in Europe

THE D-Mark weakened against most European currencies yesterday amid fears over the consequences of potential unrest in the former Soviet Union and a general correction of the optimistic buying in recent weeks.

Economists suggested that traders who had expected some sort of ERM action — such as realignment — over the holidays were unwinding long positions on the D-Mark.

The German currency's weakness was most notable against those countries which have raised rates in line with the Bundesbank's move on December 19, said one senior dealer.

The peseta had a particularly strong run, and tested its ceiling against sterling, the weakest ERM currency. Traders speculated that the Bank of Spain had intervened to pull the peseta back.

The Spanish currency closed higher at Pta 63.43 per D-Mark, compared with Pta 63.61.

The French Franc reached its strongest level since October at one stage, quoting FFr3.4135 against the D-Mark. The French currency closed in London at FFr3.4132 per D-Mark, up from FFr3.4149.

Sterling still languished at the bottom of the ERM grid, although the D-Mark's weakness has taken some of the pressure off British authorities to raise interest rates for the moment.

"Sterling has finished the week on a stronger note ... than most people would have imagined on the Monday before new year's," said Mr David Dean, assistant chief dealer at Barclays.

The UK currency was buoyed both by the D-Mark's weakness and the comments made on Thursday by Bank of England governor, Mr Robin Leigh Pemberton reiterating government statements that there was no immediate need to raise rates. Sterling closed in the mid-range in London yesterday at DM2.8575.

Dealers were cautious over the prospects for sterling, as most of the big market players were still on holiday. Some dealers suggested that sterling had taken some of its shine from the dollar's steady recovery against the D-Mark.

The US currency has gained two pfennigs in two days and last night closed at the day's high of DM1.5465. The dollar also gained early ground at the expense of the yen, climbing to Y125 by midday and finishing at Y124.85, compared with Y124.55 on Thursday.

The dollar is expected to make further gains next week.

Both Mr Bush's visit to Tokyo and the absence of further depressing economic figures – at least until the US employment report on Friday – are expected to boost the dollar.

● The Argentine austral has been redenominated as the peso. One peso – equivalent to 10,000 australs – is now equal to one US dollar.

£ IN NEW YORK

Jan 3	Latest	Previous Close
£ Spot	1.8460-1.8470	1.8660-1.8670
1 month	1.00-0.99pm	1.05-1.02pm
3 months	5.77-5.76pm	3.04-3.01pm
12 months	10.77-10.67p	11.05-10.98p

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

Official rate. Floating rate £-2663.0 $-1438.0

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8465	1.8368	1.8175	1.7894	1.7390
D-mark	2.8550	2.8525	2.8483	2.8414	2.8254
French Fr.	9.7450	9.7195	9.6650	9.7200	9.6796
Swiss Fr.	2.5400	2.5346	2.5247	2.5101	2.4780
Yen	230.50	229.52	227.62	224.66	218.84

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.339	-3.21	5.69	55
Belgian Franc	42.4032	41.9756	-1.01	3.34	44
Dutch Guilder	2.31643	2.29677	-0.85	3.17	37
D-Mark	2.05586	2.03909	-0.82	3.14	46
Irish Punt	0.767417	0.767728	0.04	2.25	-6
Italian Lira	1538.24	1539.20	0.06	2.23	-8
French Franc	6.89509	6.95989	0.94	1.34	-57
Danish Krone	7.84195	7.93479	1.18	1.10	-58
Sterling	0.696904	0.712905	2.30	0.00	-45

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8460 - 1.8655	1.8460 - 1.8470	1.01-0.99cpm	6.50	2.92-2.89pm	6.29
Canada	2.1205 - 2.1455	2.1220 - 2.1230	0.63-0.54cpm	3.31	1.84-1.70pm	3.34
Netherlands	3.2100 - 3.2275	3.2100 - 3.2200	¼-⅛cpm	0.70	⅝-½pm	0.78
Belgium	58.60 - 59.05	58.75 - 58.85	31-30cpm	6.22	93-91pm	6.26
Denmark	11.0825 - 11.1500	11.0825 - 11.0925	1¼-½orepm	0.88	2¾-1¾pm	0.68
Ireland	1.0715 - 1.0760	1.0740 - 1.0750	0.02pm-0.03pdis	-0.06	par-0.10dis	-0.19
Germany	2.8525 - 2.8630	2.8525 - 2.8575	½-¼pfpm	1.05	¾-⅝pm	1.05
Portugal	248.25 - 251.25	248.30 - 249.30	23-62cdis	-2.05	98-175dis	-2.19
Spain	180.50 - 181.90	180.50 - 180.80	4-13cdis	-0.56	1-8dis	-0.10
Italy	2154.75 - 2161.70	2154.75 - 2155.75	3-5liredis	-2.23	7-10dis	-1.58
Norway	11.2075 - 11.2745	11.2075 - 11.2175	¼-½oredis	-0.33	⅝-½dis	-0.16
France	9.7400 - 9.7775	9.7400 - 9.7500	⅜-¼cpm	0.31	1⅛-⅞pm	0.38
Sweden	10.3965 - 10.4470	10.4050 - 10.4150	2¾-3¼oredis	-3.31	5½-6¼dis	-2.23
Japan	230.00 - 232.35	230.00 - 231.00	1-⅞ypm	4.88	3-2¾pm	4.99
Austria	20.05 - 20.15	20.05 - 20.08	1½-½gropm	0.6	5¼-3¼pm	0.83
Switzerland	2.5350 - 2.5495	2.5350 - 2.5450	⅝-½cpm	2.66	1⅝-1½pm	2.36
Ecu	1.4005 - 1.4030	1.4020 - 1.4030	0.04-0.01cpm	0.21	0.10-0.05pm	0.21

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.74-5.69cpm. 12 Month 10.80-10.70pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 3	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Dutch Guilder	10 - 9⅞	10 - 9⅞	9⅞ - 9⅝	9⅞ - 9⅞	9⅞ - 9⅝	9⅞ - 9⅝
Swiss Franc	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 8	8⅛ - 8⅛	8⅛ - 8⅛	8 - 7⅞
D-Mark	9⅝ - 9½	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
French Franc	10½ - 10¼	10⅛ - 10⅛	10⅝ - 10⅝	10⅝ - 10⅛	10⅛ - 9⅞	9⅞ - 9⅝
Italian Lira	12 - 10	12¼ - 11¼	12¼ - 11¼	12¼ - 11¼	12¼ - 12	12⅛ - 12
Belgian Franc	9½ - 9⅜	9⅞ - 9⅞	9¼ - 9⅛	9⅝ - 9½	9⅞ - 9⅞	9⅞ - 9⅞
Yen	5⅝ - 5⅝	5⅞ - 5⅞	5⅝ - 5⅞	5⅞ - 5⅞	5⅝ - 5⅝	5⅞ - 5⅞
Danish Krone	9⅝ - 9½	9⅞ - 9⅞	10 - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞
Asian $Sing	3½ - 3⅜	2⅞ - 2⅝	2⅞ - 2⅝	2⅞ - 2⅞	3⅛ - 3	3⅛ - 3⅛

Long term Eurodollars: two years 5-4⅞ per cent; three years 5⅝-5½ per cent; four years 6⅛-6 per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others two days' notice

EXCHANGE CROSS RATES

Jan 3	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.847	2.855	230.5	9.745	2.540	3.215	2155	2.123	58.80	1.403
$	0.541	1	1.546	124.8	5.276	1.375	1.741	1167	1.149	31.84	0.760
DM	0.350	0.647	1	80.74	3.413	0.890	1.126	754.8	0.744	20.60	0.491
YEN	4.338	8.013	12.39	1000.	42.28	11.02	13.95	9349	9.210	255.1	6.087
F Fr.	1.026	1.895	2.930	236.5	10.	2.606	3.299	2211	2.179	60.34	1.440
S Fr.	0.394	0.727	1.124	90.75	3.837	1	1.266	848.4	0.836	23.15	0.552
N Fl.	0.311	0.574	0.888	71.70	3.031	0.790	1	670.3	0.660	18.29	0.436
Lira	0.464	0.857	1.325	107.0	4.522	1.179	1.492	1000.	0.985	27.29	0.651
C$	0.471	0.870	1.345	108.6	4.590	1.196	1.514	1015	1	27.70	0.661
B Fr.	1.701	3.141	4.855	392.0	16.57	4.320	5.468	3665	3.611	100.	2.386
Ecu	0.713	1.316	2.035	164.3	6.946	1.810	2.292	1536	1.513	41.91	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates ease

MONEY market rates eased during the day as sterling held its own in the foreign exchanges. However, some nervousness at the close in London appeared to be due to uncertainty over the pound's long-term stability.

The key three-month interbank rate reflected the general relief in the markets, edging lower to 10¾-⅝ – only marginally above the current 10.5 per cent base rate.

The March short sterling contract also indicated a belief that rates will be held, standing at 89.35 in late trade. At this level, the market feels rates will remain the same for the immediate future.

The Bank of England also pushed down lending rates in the money markets by offering to take a large chunk of the forecast £1.25bn shortage out before noon.

In early operations, the bank bought £544m of Band 1 bills at 10⅜ per cent, Band 3 bills at 10⅜ per cent, and Band 4 treasury and bank bills at 10⅜ per cent. It also offered a £730m 10-day repurchase agreement.

Lending costs fell as low as 7 per cent after the bank's actions. However, when the shortage was revised to £1.45bn, lending rates shot up to 11 per cent. The bank stepped in with late assistance of £40m and overnight rates settled at 10½-¼.

The official reserve figures published yesterday indicated that the bank had been fairly subdued as far as intervention was concerned.

After accounting for British Telecom receipts, interest payments, and Gulf receipts, the reserves suggested that the bank had intervened to the tune of about $180m in December.

However, dealers were quick to point out that some of the intervention may come from deals done in previous months.

In the US, Federal funds were trading at 4⅛ per cent, above the Federal Reserves presumed target of 4 per cent. Dealers said year-end pressures and high treasury balances were behind the upward movement.

In Germany, the Bundesbank offered a tighter than expected repurchase agreement – indicating that there would be no easing of monetary policy for some time.

Liquidity did not appear to be a problem, however, and call rates held at 9.5 per cent.

Dealers said the Bundesbank's minimum liquidity requirement for January was likely to be well below December's DM75bn.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.3) 3 months US dollars — bid 4¼ offer 4⅜ | 6 months US Dollars — bid 4⅜ offer 4½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	2.28	-	-	0.17	-	-
107	1.47	-	-	0.35	-	-
108	0.85	-	-	0.68	-	-
109	0.44	-	-	-	-	-
Open Int	127,998	12,047	400	86,459	12,832	250

Estimated volume 23,945 Total Open Interest 239,986

BANK RETURN

BANKING DEPARTMENT	Tuesday December 31 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	100,495,576	-	12,547,401
Bankers Deposits	1,608,292,806	-	475,630,374
Reserve and other Accounts	3,418,065,907	-	94,778,695
	5,141,407,289	-	582,956,470
ASSETS			
Government Securities	1,516,471,528	-	158,555,000
Advance and other Accounts	1,842,220,438	+	58,610,738
Premises Equipment & other Secs	1,778,373,965	-	483,884,494
Notes	4,041,933	+	867,075
Coin	299,424	+	5,211
	5,141,407,289	-	582,956,470
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,155,958,067	-	750,867,075
Notes in Banking Department	4,041,933	+	867,075
	17,160,000,000	-	750,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,910,265,256	-	34,080,335
Other Securities	5,238,719,644	-	715,919,665
	17,160,000,000	-	750,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1429

Exchequer 10½% Stk 2005 – £107⅝
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £116⅝ ⅝ ¾ ⅝

Corporation and County Stocks
No. of bargains included 2

London County 2½% Cons Stk 1920(or after) – £22
Greater London Council 6¾% Stk 90/92 – £99¾
Leeds(City of) 13½% Red Stk 2006 – £116¾ (31De91)

UK Public Boards
No. of bargains included nil

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 – £84¾ (30De91)
6¾% Deb Stk 92/94 – £89 (27De91)
7¾% Deb Stk 91/93 – £94½ (30De91)
10¼% Deb Stk 92/95 – £98¾♦
Port of London Authority 3% Port of London A Stk 29/99 – £60 (27De91)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 38

Bahia(State of)Brazil 5% Fdg Ln 1928(now 1⅝%) – £65
Ireland(Republic of) 9¾% Stk 91/96 – £96
Portugal(Republic of) Ext 3%(3rd Ser)(Stamped) – £25
Argyll Group PLC 4¾% Cnv Bds 2002 – £117
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) – £89½
Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) – £102 (30De91)
Brent Walker Capital Ld 13% Cnv Cap Bds 2005 (Reg) – 28‡ (27De91)
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006(Reg) – £98 ½
Dawson Finance NV 9¾% GtdRedCnvPrf 2004(CertsToBr £116) – £86¾
EE Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) – £91
Finland(Republic of) 10¾% Bds 2008 – £95⅝ (31De91)
Fisher (Albert) Finance N.V. 5¾% Gtd Red Cnv Prf 2004 – £104
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) – £96
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) – 108 (27De91)
International Bank for Rec & Dev 10% Bds 1999 – £99¾♦
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) – £85½ (30De91)
Land Securities PLC 6¾% Cnv Bds 2002 – £82¾
9½% Cnv Bds 2004 (Br£5000&50000) – [illegible]

[illegible]

Sterling Issues by Overseas Borrowers
[illegible]

Banks and Discount Companies
[illegible]

Breweries and Distilleries
[illegible]

62 (30De91)
4½% Red Deb Stk 99/2004 – £59
7% Red Deb Stk 88/93 – £94½ (30De91)
7¼% Uns Ln Stk 95/99 – £84 ½ 5½ 6

Building Societies
No. of bargains included 12

Bradford & Bingley Building Society 13% Perm Int Bearing Shs £10000 – £103½ (31De91)
Bristol & West Building Society 13¾% Perm Int Bearing Shs £1000 – £103¼ ½ ⅝ ¾
Leeds Permanent Building Society 13⅝% Perm Int Bearing £50000 – £108½ (27De91)

Commercial, Industrial, etc
No. of bargains included 19124

ADT LdCom Shs $0.10 – 365 7 70 1 5 8 80 5 95
ADR (1:1) – $7.138♦
AMEC PLC 15% Uns Ln Stk 1992 – £100 (30De91)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) – £59
9½% Cnv Cap Bds 2006 (Br £Var) – £65½ (30De91)
Aegis Group PLC 6% Cnv Cum Red Prf 1999 10p – 45 (27De91)
Albert Fisher Group PLC Warrants To Sub For Ord – 0¾
ADR (10:1) – $13.1 .2
Alcan Aluminium LdCom Shs of NPV – SC22¾ (30De91)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p – 119 (31De91)
All Nippon Airways Co LdShs Com Stk Y50 – Y1310 (30De91)
Allied Radio PLC Ord 25p – 20 (30De91)
Alpine Group PLC Ord 5p – 13 ½
Wts to Sub for Ord – 3
Amber Day Holdings PLC 10¾% Cum Red Prf 99/2002 £1 – 103¾
American Brands IncShs of Com Stk $3.125 – £24
Andrews Sykes Group PLC Cnv Prf 50p – 60
Associated Fisheries PLC 8¾% Uns Ln Stk 91/96 – £89½
Atlas Copco AB A Shs SK25 – SK238 40
Attwoods PLC ADR (5:1) – $10.888 1
Attwoods (Finance) NV 8¾p Gtd Red Cnv Prf 5p – 77½
Austin Reed Group PLC Ord 25p – 330 (30De91)
Automated Security(Hldgs) PLC 5% Cnv Cum Red Prf £1 – 65
6% Cnv Cum Red Prf £1 – 50 50 ¾ 1½
Avdel PLC 10¾% Uns Ln Stk 96/98 – £80 (31De91)
Ayrshire Metal Products PLC Ord 25p – 40
B.A.T Industries PLC ADR (1:1) – $11½ .624613 ¾ .638
BET PLC ADR (4:1) – $14.4789♦
5% Perp Deb Stk – £45
BICC PLC 7¾% Deb Stk 90/95 – £91 (31De91)
BM Group PLC 4.6p (Net) Cnv Cum Red Prf 20p – 182 8

[illegible]

Electricity
[illegible]

Financial Trusts, Land, etc
[illegible]

Insurance
[illegible]

Investment Trusts
[illegible]

Mines – Miscellaneous
[illegible]

Mines – South African
[illegible]

Oil
[illegible]

Property
[illegible]

Churchbury Estates PLC 9% Uns Ln Stk 2000 – £60
City Site Estates PLC 7% Cnv Uns Ln Stk 2005/06 – £71
Dares Estates PLC 7.75% Cnv Cum Red Prf £1 – 4
Etonbrook Properties PLC Ord £1 – 67 8
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 – £90½ 1⅛
Greycoat PLC 9¼% Cum Red Prf 2014 £1 – 80 (30De91)
Hammerson Prop Inv&Dev Corp PLC Ord 25p – 573
Hemingway Properties PLC Ord 25p – 28
Land Securities PLC 9% 1st Mtg Deb Stk 96/2001 – £92 (31De91)
10% 1st Mtg Deb Stk 2027 (Reg) – £95¾ (30De91)
8½% Uns Ln Stk 92/97 – £89 90
London&Prov Shop Centres(Hldgs)PLC 10% 1st Mtg Deb Stk 2026 – £80½ 1 (31De91)
London County Free. & Leas. PropLd 6½% 1st Mtg Deb Stk 86/95 – £88 (30De91)
Lynton PLC 10¼% 1st Mtg Deb Stk 2017 – £93½
MEPC PLC 9¾% 1st Mtg Deb Stk 97/2002 – £93¾ 4
8% Uns Ln Stk 2000/05 – £78 (31De91)
Ossory Estates PLC Ord 25p – 28 8 30 1
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non-Vtg Prf £1 – 35 .232 ½ 6
9½% 1st Mtg Deb Stk 2011 – £83½ ⅝ ⅝
Shield Group PLC Ord 5p – 7 (31De91)

Plantations
No. of bargains included 1

Beradin Hldgs PLC 5p – 28 (31De91)

Shipping
No. of bargains included 276

Bergesen d-y AS "A" Vtg Shs NK2.5 – NK129.387 30 1
"B" Non Vtg Shs NK2.5 – NK129 .81

Utilities
No. of bargains included 8

California Energy Co IncShs of Com Stk $0.0675 – $15¼ (27De91)
GTE Corporation Shs of Com Stk $0.05 – $34.915♦
Mersey Docks & Harbour Co 8¾% Red Deb Stk 94/97 – £73 (30De91)
Pacific Gas & Electric CoShs of Com Stk $5 – $31¼ (30De91)

Water
No. of bargains included 532

Anglian Water PLC 5½% Index-Linked LnStk 2008(5.7738%) – £113 (31De91)
Bristol Water Hldgs PLC Ord £1 – 510 (30De91)
6.75% Cum Cnv Red Prf 1998 Shs £1 – 108 (31De91)
Newcastle & Gateshead Water Co 8% Red Deb Stk 92/94 – £93½ 4½ (31De91)

Miscellaneous Warrants
No. of bargains included 8

Barclays De Zoete Wedd Wts Ld A PutWtsRltgto FT-SE 100 Index 25/9/92 – £0.26 0.27 (30De91)
B PutWtsRltgto FT-SE 100 Index 25/9/92 – £0.15 (30De91)
C PutsWtsRltgto FT-SE 100 Index 25/9/92 – £0.08 0 09 (30De91)
Put Wts (Srs D) Rltg FTSE 100 29/9/92 – £0.77 0.96
Put Wts (Srs E) Rltg FTSE 100 29/9/92 – £0.68 0.7 (31De91)
Put Wts (Srs F) Rltg FTSE 100 29/9/92 – £0.57 0.58 (30De91)
Put Wts (Srs G) Rltg FTSE 100 29/9/92 – £0.33
Put Wts (Srs N) Rltg FTSE 100 30/3/93 – $1.23
Put Wts (Srs O) Rltg FTSE 100 30/3/93 – $1
Call Wts (Srs D) Rltg DAX Index 16/3/93 – DM176.53 (27De91)
Salomon IncCall Wts Rltd to OMX Index 22/1/93 – SK22 93 23 (27De91)

USM Appendix
No. of bargains included 329

AmBrit International PLC 9% Cnv Uns Ln Stk 1996 – £85½
Banner Homes Group PLC Ord 10p – 29
Bedford(William) PLC Ord 5p – 25 (27De91)
CMW Group PLC Ord 5p – 81
Dakota Group PLC Ord Ir£0.25 – I£0.27
BIT Group PLC Ord 5p – 13 (30De91)
Expedier PLC 7.75% Cnv Cum Red Prf £1 – 17 (31De91)
Farepak PLC Ord 10p – 232 (27De91)
Mid-States PLC Ord 10p – 49 (30De91)
Midland & Scottish Resources PLC Ord 10p – 47
Perth Group PLC Ord 20p – 12
Sheldon Jones PLC Ord 25p – 67♦
Simpsons of Cornhill PLC Ord 5p – 35 (31De91)
Total Systems PLC Ord 5p – 30
Union Square PLC Ord 1p – 4 (30De91)
Wharfedale PLC Ord 5p – 14

Rule 535(2)
No. of bargains included 13

Adams & Neville Fund Management Worldinvest Bond Fund Inc – £1 43 (30De91)
Biocure Holdings PLC Ord 1p – 45♦
Dolphin Media Ld Ord 10p – £0.035 (31De91)
English Churches Housing Group Ld [illegible] Ln Stk – £10 (31De91)
Exchem PLC Ord 50p – £1.95 (27De91)
Gander River Resources PLC Ord 5p – £0.01
Kent(G.D.)& Sons PLC 8% Cum Pig Prf 62½p – £0.2
Kleinwort Benson(Guernsey)Fund Man International Income – £1 [illegible] (27De91)
Lowrie Group PLC Ord £1 – [illegible]
MIAJ [illegible] International Ld Japan Income & Growth – [illegible]
Rangers Football Club PLC Ord 10p – £1 1 (31De91)
Select Industries PLC Ord 2½p – [illegible]
Thwaites(Daniel)& Co PLC Ord 25p – £1 [illegible]
Transatlantic Hldgs PLC Ord 50p – £2.15 3 2
Westdale Ld "A" Non V Ord 25p – £7.37 (30De91)

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

City Developments S$3.92 (27/12)
Commodore International $11 [illegible] (30/12)
Harland (John H) Co $22.5 (30/12)
Malaysian Plantations 106 (30/12)
Oil Search A$0.75
Rutgerswerke AG DM333 5434.7 [illegible] (30/12)
Storks A$0 22[illegible] (27/12)
Storer Communications SK235.29 (30/12)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Equities firmer in two-way trading

By Terry Byland, UK Stock Market Editor

THE UK stock market began to return to more normal trading levels yesterday as tensions over sterling and domestic interest rates relaxed a little and the institutions took a fresh look at their equity portfolios. Share prices moved erratically before closing firmly behind early gains in the new trading session on Wall Street.

Traders reported substantial activity in London, with many large deals not reported until the very end of the session. The institutions were present, both as buyers and sellers, apparently re-positioning portfolios rather than buying across the range of equities. International blue chips were firm, encouraged by sterling's steady performance and by the continued improvement on Wall Street. Strong gains were recorded among brewery and publishing stocks, both sectors influenced by hopes for early economic recovery.

Account Dealing Dates		
*First Dealings:		
Dec 9	Dec 30	Jan 13
Option Declarations:		
Dec 19	Jan 9	Jan 23
Last Dealings:		
Dec 27	Jan 10	Jan 24
Account Day:		
Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 9.30 am two business days earlier.

But there were also some notable weak spots. Electricity stocks recovered from the initial effects of a political attack on the industry's profits record. Food retailers turned down sharply on news that Sainsbury plans substantial price cuts this month, a move seen as threating further pressures in a tightly competitive industry.

Equities opened strongly, quickly rising by 22.9 on the FT-SE Index as the March Footsie contract established one of the largest premiums against the cash market ever recorded. However, the Footsie topped out at 2,515.7 as the futures premium faded and by mid-session, the equity market was barely ahead of its overnight level, reflecting some nervousness ahead of Wall Street's opening.

In the event, the Dow Average, after a slow start, showed a gain of 15 points in UK hours, and the London market was quick to respond. The final reading put the FT-SE Index at 2,504.1, its highest level since mid-November, with a gain on the day of 11.3.

Seaq volume totalled 452m shares, below the 457.1m of the previous session. "But, on Thursday, it was all basket trades with the futures market. Yesterday, the institutions were very busy, although very stock selective," said the head trader at a large integrated securities house.

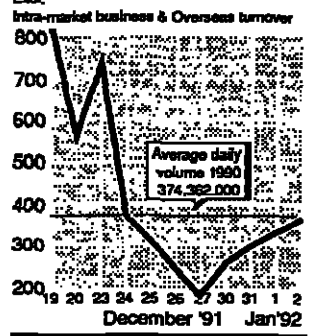
Cadbury-Schweppes stood out strongly among the food manufacturers, helped by Wall Street's influence. But there were heavy falls in such institutional core stocks as British Gas and Wellcome.

The government bond market, in contrast, had a quiet trading session and although there was a favourable reception for the December Official Reserves statistics, bond prices ended the day a shade easier.

● Retail or customer volume in equities has remained below last year's average daily levels as the market returns from the Christmas holiday.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Jan 3	Jan 2	Dec 31	Dec 30	Dec 27	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.10	87.00	86.28	86.28	86.56	82.96	87.84 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.41	97.15	96.61	96.72	96.80	90.91	97.49 (16/12/91)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1901.4	1886.0	1891.6	1838.6	1841.6	1659.5	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	140.1	137.9	140.1	142.6	143.6	157.8	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2504.1	2492.8	2493.1	2420.0	2418.7	2128.1	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1135.99	1130.42	1129.81†	1107.48	1103.91	-	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.80	4.85	4.84	5.00	5.00	5.79				
●Earning Yld %(full)	7.20	7.28	7.28	7.51	7.51	12.03				
●P/E Ratio(Net)(☆)	17.46	17.27	17.25	16.71	16.72	10.04				
SEAQ Bargns 4.45pm	29,210	31,179	16,673	22,819	9,433	31,834				
Equity Turnover(£m)†	-	31,039	677.35	527.54	294.71	554.27				
Equity Bargains†	-	948.5	14,954	22,132	9,026	32,074				
Shares Traded (ml)†	-	363.2	297.6	255.2	179.9	284.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.47. † Partial.

Ordinary Share Index, Hourly changes Day's High 1910.0 Day's Low 1883.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1883.4	1903.8	1902.7	1907.8	1908.0	1899.1	1895.0	1899.2	1901.8

FT-SE 100, Hourly changes Day's High 2515.7 Day's Low 2493.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2499.4	2513.8	2507.9	2512.1	2511.7	2501.3	2494.3	2502.3	2505.5

FT-SE Eurotrack 200, Hourly changes Day's High 1139.33 Day's Low 1133.45

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1133.86	1135.27	1136.08	1138.75	1136.33	1133.71	1136.40

GILT EDGED ACTIVITY

Indices*	Jan 2	Dec 31
Gilt Edged Bargains	63.9	28.9
5-Day average	38.4	34.5

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Broker caution on Gas

A CAUTIOUS line adopted by the company's own broker, Hoare Govett, together with some sizeable and determined selling by a number of the big US investment houses, left British Gas the worst performer in the Footsie. Gas shares dropped almost 5 per cent, closing 13 lower at 252p with turnover approaching the 10m-mark.

Dealers said Hoare Govett had triggered the slide by telling its clients it expected British Gas to face an investigation by the UK Monopolies and Mergers Commission (MMC). Also upsetting the shares were suggestions - denied by Hoare Govett – that the broker had been selling stock on behalf of British Gas employees. The continuing mild weather in the UK, which has brought worries of impending profits downgrades for 1992, was another factor depressing the shares.

Hoare Govett said it had been expressing caution after the recent strong rise in Gas shares, "given the distinct possibility of an MMC reference in the light of the stance adopted by Ofgas, the industry regulator." British Gas and Ofgas have been at loggerheads since the regulator insisted on a series of measures to encourage competition in UK gas markets.

Wellcome setback

Pharmaceuticals group Wellcome lost some of its recent hefty gains after doubts surfaced over the success of a new anti-AIDS drug cocktail. The shares rose to a new high in early trading but fell back after a newspaper report suggested tests on the new mixture were halted because they had failed. The shares slipped 34 to 1091p on turnover of 2.6m.

Wellcome sought to minimise the damage caused by the report, stating: "Failed is the wrong word...We were looking for one thing and we found another."

The mixture combines Wellcome's herpes treatment acyclovir and anti-AIDS drug Retrovir. Wellcome was testing acyclovir on the CMV (herpes) virus in AIDS patients but found that a mixture of acyclovir and Retrovir together had an effect on AIDS itself.

Wertheim Schroder, the US house, said that Retrovir's use in Aids was a small part of Wellcome and becoming smaller. By 1993 the broker forecasts a Wellcome share price in excess of £15 a share.

Sainsbury shock

The food retailing sector saw early gains replaced by hefty losses after J.Sainsbury, the UK's leading supermarket and superstores chain, outlined details of another bout of price-cutting.

Dealers said the big institutions had recoiled from the prospect of yet more reductions in profit margins for the supermarket groups.

A wave of selling pressure left Sainsbury shares a net 14 lower at 359p; earlier in the session the stock touched 375p. Turnover for the day totalled 3.5m shares. Of Sainsbury's main rivals, Tesco, driven up to 236p at the outset, turned off to close a net 7 down at 225p, after 224p on turnover of 7.4m shares. Argyll, which controls the Safeway chain of supermarkets, fell away to close 8 lower at 274p, having been as high as 282p. Asda, which many retailing specialists view as the most vulnerable of the big food stores to another price-cutting war, settled a penny lower at 32p.

Analysts said the latest outbreak of price-cutting came as no real surprise; "January usually sees a series of price promotions and until the details of Sainsbury's move are revealed, such as what lines are being targeted and how big the price cuts, it's difficult to quantify how damaging this move could be," said one. He added that if the marketing promotions involved a large number of key, staple foods, such as bread and baked beans, "then it will obviously have a major impact on profits".

Last year saw a series of "mini" price wars, principally triggered by Tesco and Asda. The supermarkets also have to contend with increased costs caused by Sunday opening and an attack on UK food retailing by overseas groups such as Germany's Aldi.

Chemicals group Laporte dipped sharply in a rising market in reaction to trimmed profit forecasts from broker James Capel, which had previously been at the high end of analysts' forecasts. Mr David Ingles of Capels said he had reduced earnings per share estimates for 1991 by 2.5p to 41.4, and for 1992 by 5p to 50p.

The move, made before Christmas but re-iterated by Capel's sales team yesterday, reflected dull, trading towards the end of the year and the expectation that early 1992 would continue to be difficult. Mr Ingles added that the stock had become over-valued. The shares fell 17 to 608p with just under 1m traded.

Kleinwort Benson was said to have been the main force in the retailing sector after issuing a series of forecast changes. These were said to have included downgrades for Kingfisher and and WH Smith. The latter, due to announce interims later this month, dropped 7 to 447p, while Kingfisher slipped 9 to 464p on heavy turnover of 2.6m.

Dixons, scheduled to report interims on Wednesday, gave back some of their recent gains, closing 5 off at 204p. Ratners, the troubled jewellery retailer, dipped 2 more to 22p with a hefty 5.3m shares moving through the Seaq system. On the plus side Sears rose a further 5 to 97p, reportedly boosted by a Hoare Govett recommendation while Storehouse added 6 at 97p.

The attack by the Labour Party on the profitability of the regional electricity companies failed to cause as big damage to the individual stocks, but damaged the water stocks. There were suggestions, however, that one of the big integrated securities house was preparing a note suggesting a switch out of the regional electricity stocks and into the power generators, National Power, PowerGen, Scottish Hydro and Scottish Power, all of which showed rises of around 2 during the session.

Water stocks, on the other hand, attracted persistent selling with fund managers said to be increasingly worried by the prospect of a Labour victory which could lead to the water companies being renationalised, as Labour has consistently said it will do if it is elected. South West fell 7 to 307p.

Grand Metropolitan picked up sharply after the wines and spirits group said it had agreed to purchase the 75 per cent of shares in the Cinzano company it does not already own. The stock closed 20 higher at 898p.

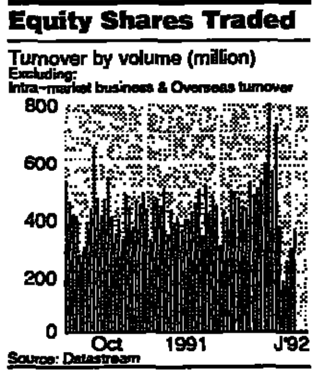
Other brewers outperformed the market as investors considered that recovery prospects for the sector look more cheery than in many other areas. Some traders pointed to a buy note from Daiwa, the Japanese house. Although Japanese investors were e celebrating their new year holiday, the note, which focused on Grand Met, Guinness, Allied-Lyons and Whitbread added pressure to a sector with very few sellers. Guinness rose 23 to 542p on turnover of 3.5m.

ICI was boosted in early trading by a positive report in the British medical press on one of its drugs used to treat breast cancer patients. However, the impact of the report, which is said to be the world's largest collaborative cancer study, faded later as ICI slipped in New York. The shares in London closed 5 better with 1.8m traded after being up 16 at one stage.

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

British Aerospace was one of the weakest stocks in the FT-SE 100. The shares fell 15 to 291p, almost 5 per cent, amid continuing concern about the long term trend of the dollar and the company's cash position.

MARKET REPORTERS:
Peter John,
Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (36).
BRITISH FUNDS (1) Treas. 2pc I-L 1992. OTHER FIXED INTEREST (1) Ireland Cap. 8½pc Ln. 2010, AMERICANS (3) Hasbro, Southwestern Bell, Merrill Lynch. CANADIANS (1) Amer. Barrick Res., BREWERS & DISTILLERS (6) Grand Met., Greenalls, Do. 5.95pc Pf., Guinness, Do. 5¼pc Pf., Do. 8¼pc Ln., BUILDING MATERIALS (1) Cape Inds. & 4pc Pf., BUSINESS SERVICES (1) Serco, CHEMICALS (2) Courtaulds, Wolstenholme Rink, ELECTRONICS (3) ACT, Elec. Data Processing, Hoskyns, FOOD MANUFACTURING (2) BSN, Everest Foods, FOOD RETAILING (1) Iceland Frozen, HEALTH & HOUSEHOLD (1) Wellcome, HOTELS & LEISURE (1) Courtyard Leisure, INVESTMENT TRUSTS (1) Murray Split Cap. Zero Div. Pf., MEDIA (2) Reed Intl., Sunset & Vine, OTHER FINANCIAL (2) Ivory & Sime, Templeton Galbraith & Hansberger, PACKAGING, PAPER & PRINTING (2) Bowaters Ind., De La Rue, TEXTILES (2) Brit. Mohair, Shiloh, TRANSPORT (2) BAA, Graig Shipping, WATER (1) South Staffs. Water.

NEW LOWS (28).
CANADIANS (1) Breakwater Res., CONGLOMERATES (1) Melville, CONTRACTING & CONSTRUCTION (2) Beris, Lovell (Y J.), ELECTRONICS (1) Newmark (Louis), ENGINEERING AEROSPACE (2) Brit. Aerospace, Do. 7¾p Pf., ENGINEERING GENERAL (1) Jones & Shipman, FOOD MANUFACTURING (1) Grand Central, HOTELS & LEISURE (2) Marina Devs., Pickwick, INVESTMENT TRUSTS (6) EFM Java, Gartmore Scotland Cap., General Cons., M & G 2nd Dual Inc., Scot. Cities, MEDIA (1) Black (A & C), MISCELLANEOUS (1) PFG Hodgson Kenyon, OIL & GAS (2) Globe Petm., Triton Europe, OTHER FINANCIAL (1) Malaysian Emrg. Warrants Co's Fd., PROPERTY (7) BHH, Britannia, Estates & Agency, Hammerson A, Markheath, Ossory Ests., Palmerston.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	68	0	14	166	87	75
Other Fixed Interests	5	1	13	19	7	50
Commercial, Industrial	343	179	969	1,370	627	3,970
Financial & Property	128	85	574	766	272	2,086
Oil & Gas	22	15	54	86	58	220
Plantations	2	0	8	8	2	30
Mines	50	14	88	116	101	391
Others	68	28	53	241	86	279
Totals	686	322	1,773	2,772	1,240	7,101

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	35	382	+7	Cookson	735	108	+2	Lucas	1,100	112		Shell Transport	5,300	498	-5
ASDA Group	5,200	32	-1	Courtaulds	1,000	518	+11	MB Caradon	1,200	285	+6	Siebe	858	530	+5
Abbey National	1,600	295	-2	Dalgety	98	383		MEPC	207	396	+3	Slough Ests	510	228	
Albert Fisher	1,600	72		De La Rue	111	481	+1	Manweb	984	330	+1	Smith (W.H.) A	1,000	447	-7
Allied-Lyons	1,800	633	+15	Dixons	2,500	204	-5	Marks & Spencer	6,400	282	+5	Smith & Nephew	1,700	136¼	-1½
Amstrad	2,560	24	+½	ECC Group	179	481	+6	Midland Bank	480	215	+3	SmKl Beecham	2,300	903	+3
Anglian Water	844	327	-2	Eastern Elect.	880	240	+3	Midlands Elect.	1,500	260	-1	SmKl Beecham Uts.	250	780	+20
Argos	798	271		East Midland Elect.	178	261		NFC	1,300	236	+2	Smiths Inds.	1,600	273	+5
Argyll Group	3,500	274	-8	Enterprise Oil	1,000	445	+12	NatWest Bank	1,200	285	+6	Southern Elect.	158	273	-3
Arjo Wiggins	582	251	+7	Eurotunnel Units	56	388	+8	National Power	2,900	146	+2	South Wales Elect.	7	315	+2
Ass. Brit. Foods	732	487	-8	FKI	450	52	+1	Next	1,700	58½	+1½	South West Water	275	307	-7
BAA	1,400	552	+10	Ferranti	2,500	5¼	-¼	North West Water	331	330	-2	South West. Elect.	84	249	-2
BAT Inds.	2,700	815	-8	Fisons	3,600	342	+6	Northern Elect.	87	271	+2	Southern Water	451	310	
BET	812	202	-1	Forte	1,100	229	+4	Northern Foods	327	558	-8	Standard Chartd.	578	422	
BICC	1,200	320	+10	Gen. Accident	487	472	+4	Norweb	305	300	+2	Storehouse	2,600	97	+6
BOC	485	615	+5	General Elect.	5,000	195	-3	Pearson	190	721	+12	Sun Alliance	2,200	300	
BPB Inds.	304	138	+8	Glaxo	3,500	853	+15	P & O	698	498	+1	T&N	175	116	
BTR	3,500	396	-2	Glynwed Int.	1,500	210		Pilkington	627	131	+½	TI Group	362	531	+8
Bank of Scotland	530	118	+1	Granada	699	195	-1	PowerGen	450	155	+2	TSB	771	119	
Barclays	3,200	373	+3	Grand Met.	2,300	898	+20	Prudential	4,300	248	-1	Tarmac	1,100	120	+2
Bass	1,200	1007	+24	GUS A	75	1412	-6	RHM	581	250	-2	Tate & Lyle	921	405	+5
Berisford Int.	498	16		GRE	4,300	118		RMC	535	583	+16	Taylor Woodrow	640	129	-2
Blue Circle	2,100	226	+7	GKN	42	299		RTZ	1,000	490	+14	Tesco	7,600	225	-7
Booker	263	434	-4	Guinness	3,500	542	+23	Racal	5,300	51		Thames Water	1,000	324	-2
Boots	2,900	423	-2	Hammerson 'A'	77	475	-16	Rank Org.	481	600	+6	Thorn EMI	771	752	+8
Bowater	18	677	+4	Hanson	4,600	203½	+3	Reckitt & Colman	473	851	+5	Tomkins	1,800	419	+5
Brit. Aerospace	5,800	291	-15	Hanson Warrants	247	21	+½	Redland	1,000	438	+1	Trafalgar House	726	131	+9
British Airways	2,800	229	-1	Harrisons Crosfield	481	128	-3	Reed Intl.	730	559	+15	Ultramar	403	286	+3
British Gas	9,500	252	-13	Hawker Sidd.	76	751		Rentokil	178	367	+1	Unigate	665	272	+6
British Land	361	251	-1	Hillsdown	1,200	165		Reuters	998	1044	+12	Unilever	1,700	808	+8
BP	5,300	290½	-½	IMI	357	225		Rolls Royce	6,900	130	+3	United Biscuits	705	394	+2
British Steel	10,000	70	+1½	ICI	1,800	1183	+5	Rothmans	255	1133	+18	Utd. Newspapers	882	340	+13
British Telecom	3,700	333	+4	Inchcape	1,200	391	-1	Ryl Bk Scotland	1,600	163	+1	Vodafone	1,400	377	-2
Br. Telecom New	19,000	125	+2½	Kingfisher	2,600	464	-9	Royal Insurance	1,100	253	+2	Warburg (SG)	139	514	+5
Burzl	1,000	81	-1	Ladbroke	4,000	220	+1	Saatchi	7,600	13½	+1½	Wellcome	2,600	1091	-34
Burmah Castrol	1,200	471	+1	Land Securities	432	451	+4	Sainsbury	4,800	359	-14	Welsh Water	398	347	-5
Burton	2,700	39	+1	Laporte	985	608	-17	Scottish & New.	1,300	418	+3	Wessex Water	13	372	-1
Cable & Wire.	1,200	598	+8	Legal & General	1,700	382	+1	Scot. Hydro-Elect.	977	105½	+1½	Whitbread 'A'	1,100	450	+18
Cadbury Schweppes	1,100	436	+8	Lloyds Abbey	147	855		Scottish Power	3,500	108	+2	Williams Hldgs.	3,800	294	+3
Calor Group	223	208	+2	Lloyds Bank	1,100	400	+6	Sears	4,800	97	+5	Willis Corroon	826	237	-1
Carlton Comms.	555	507	+22	LASMO	2,500	230	+2	Sedgwick	285	212	+3	Wimpey	787	123	+1
Coats Viyella	765	172		London Elect.	449	252	+4	Seeboard	123	269		Yorkshire Elect.	908	315	+1
Comm. Union	677	488	+8	Lonrho	1,800	169½	+10½	Severn Trent Water	700	305	-5	Yorkshire Water	208	350	-5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down

EQUITY FUTURES AND OPTIONS TRADING

Derivatives markets were quieter yesterday but the Footsie future contract continued to exercise a strong influence over the underlying cash market. In early deals, the March Footsei contract rocketed by a premium of around 70 points, one of the largest premiums ever recorded; fair value now stands at about 29 points.

Traders stressed that the early advance reflected heavy short covering by London traders who had convinced themselves that Wall Street would fall overnight. With the Dow in fact up by 3.58 overnight, there was a scramble to unravel positions in futures.

The futures sector soon settled down to more modest trading, and the underlying equity market followed suit. By the close, the March contract was trading at a 50 point premium against cash, making an acceptable 20 points ahead of fair value.

Business in traded options fell away to 21,048 contracts from Thursday's 26,261, with the FT-SE contract recording only 6,118. The Euro-FTSE contract returned to the top of the actives list but, with only 998 trades, made little stir. Individual share contracts were less busy yesterday. Amstrad recorded 943 contracts, and Allied-Lyons restraded 700.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	115.8531	-0.641	9.49	9.50	9.76
BELGIUM		9.000	06/01	100.8000	-0.200	8.86	9.02	9.14
CANADA *		8.500	04/02	103.2500	+0.150	8.03	8.31	8.47
DENMARK		9.000	11/00	101.8750	+0.050	8.68	8.80	9.02
FRANCE	BTAN	8.500	11/96	98.1982	+0.151	8.95	9.23	9.20
	OAT	9.500	01/01	105.7300	-	8.56	8.70	8.96
GERMANY		8.25	09/01	101.2700	-0.070	8.05	8.10	8.32
ITALY		12.000	06/01	97.3100	+0.050	12.49	12.61	12.67
JAPAN	No 119	4.800	06/99	95.7368	-	5.61	5.72	6.07
	No 129	6.400	03/00	106.0232	-	5.34	5.44	5.74
NETHERLANDS		8.500	03/01	99.6900	+0.120	8.55	8.63	8.83
SPAIN		11.900	07/96	100.3100	-0.090	11.74	11.82	11.94
UK GILTS		10.000	11/96	100-20	+8/32	9.83	9.93	9.90
		10.000	02/01	102-07	-5/32	9.63	9.71	9.86
		9.000	10/08	97-00	-1/32	9.36	9.45	9.59
US TREASURY *		7.500	11/01	104-26	-12/32	6.82	6.85	7.25
		8.000	11/21	106-02	-10/32	7.49	7.52	7.89

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Tuesday December 31 1991

Health & Household	+	72.19	All-Share Index	+	15.06
Textiles	+	42.68	Media	+	13.37
Business Services	+	38.12	Banks	+	13.23
Chemicals	+	36.86	Electronics	+	12.60
Packaging, Paper & Printing	+	35.55	Food Retailing	+	5.63
Consumer Group	+	29.48	Capital Goods	+	2.95
Engineering-General	+	24.13	Conglomerates	+	1.51
Stores	+	24.06	Hotels & Leisure	+	1.48
Merchant Banks	+	23.47	Financial Group	+	1.32
Telephone Networks	+	22.53	Water	-	0.95
Brewers & Distillers	+	21.72	Motors	-	2.19
Transport	+	21.33	Oil & Gas	-	3.16
Electricity	+	20.88	Insurance Brokers	-	4.64
Industrial Group	+	20.79	Gold Mines Index	-	9.38
Electricals	+	20.48	Building Materials	-	10.71
Food Manufacturing	+	20.04	Insurance (Composite)	-	16.53
Other Industrial Materials	+	19.93	Engineering-Aerospace	-	17.47
Other Groups	+	19.21	Property	-	17.90
500 Share Index	+	17.30	Metals & Metal Forming	-	24.04
Insurance (Life)	+	16.76	Contracting, Construction	-	24.10
Investment Trusts	+	16.04			

COMMODITIES

WEEK IN THE MARKETS

Aluminium stocks top 1m tonnes

ALUMINIUM HAS begun the new year by earning the dubious honour of being the first metal to build up a stockpile of more than 1m tonnes in London Metal Exchange registered warehouses. The exchange yesterday announced a 21,800-tonne rise that took the total to 1,008,950 tonnes, nearly 700,000 tonnes up from the start of 1991, when stocks were already at a record level.

The reaching of this unwelcome milestone came as no surprise, however, and, although the rise was at the upper end of traders' expectations, LME aluminium prices remained above the life-of-contract lows reached last month. Dealers explained that the continuing rise in stocks had been largely discounted in the market.

The cash price closed $12 down yesterday at $1,107.50 a tonne, but that was seen chiefly as a reflection of the firmness of the US dollar, which reduced the likelihood of consumers coming into the market ahead of the weekend.

The weaker tone towards the end of the week was in part a reflection of disappointment at the three months delivery position's earlier failure decisively to break through resistance at $1,150 a tonne, although it did exceed that level briefly on Thursday. The three months price closed yesterday at $1,130.50 a tonne, down $6.75 since Christmas eve, and dealers said a renewed test of support at $1,120 a tonne was likely soon.

In comparison with aluminium's record-breaking level the LME stocks total for copper – up 4,900 tones yesterday to 332,325 tonnes – looked relatively modest. But it was the highest since March 1984 and helped to send LME prices to 7-month lows.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+21,800	to 1,008,950
Copper	+4,900	to 332,325
Lead	-25	to 126,350
Nickel	-72	to 11,850
Zinc	+1,850	to 154,050
Tin	-25	to 13,670

Copper prices had begun the week on the up-beat as the LME caught up with a rally on the New York market the previous Friday, when the London exchange was closed, and was further encouraged by interest rate reductions in the US and Japan. But the more buoyant mood was short-lived and despite a small rally yesterday the cash position ended at £1,150.50 a tonne, down £4.25 from the Christmas eve level. Dealers said the fall was influenced by renewed weakness in the New York market, plus options-related and stop-loss selling.

A recent downtrend in LME zinc stocks was halted yesterday by a 1,850-tonne rise to 154,050 tonnes. That sparked a sharp price setback and narrowing of the cash premium over three months metal. The cash price closed at $1,145 a tonne, down $26 on the day and $21.25 on the week, while the three months price was down $17 on the day and $5.75 on the week at $1,105.50 a tonne.

The upturn in stocks, after a fall of about 13,000 tonnes during December, tended to support traders' suggestions after the announcement on Tuesday of a 4,600-tonne rise that that represented the tail end of a large merchant shipment of Peruvian metal to the US.

Tin is the only LME metal whose stocks are not at a historically high level, but that seems to be doing little for sentiment. Dealers ignored a 25-tonne stocks fall yesterday and after another failure to hold above the $5,650-a-tonne level the three months position fell $80 to close at $5,567.50 a tonne, $60 below the pre-Christmas quotation.

At the London bullion market silver prices staged quite a strong technical rally but stopped just short of the psychologically-important 400 US cents-a-troy ounce level. The cash price ended the week 11.50 cents up at 399.50 cents an ounce. The platinum price began the week with a sharp fall in thin trading to reach the lowest level for six years at Monday's morning fixing. But by yesterday afternoon's fixing it had recovered to $337 a troy ounce, up $2.35 on balance. The gold price moved in a narrow range meanwhile, ending $1.20 down on the week at $352.15 an ounce.

Investment fund selling put cocoa and robusta coffee prices under pressure at the London Futures and Options Exchange, although there were no fundamental developments to explain the falls.

The May delivery cocoa price steadied somewhat yesterday, ending down £1 on the day and £32 on the week at £758 a tonne, and March robusta rallied to close at £526 a tonne, up £11 on the day but still £26 down on the week. In New York demand was stronger for the milder arabica coffee variety and in late trading yesterday the May futures position was quoted at 81.70 cents a lb. up 1.8 cents from the low reached early in the week.

Richard Mooney

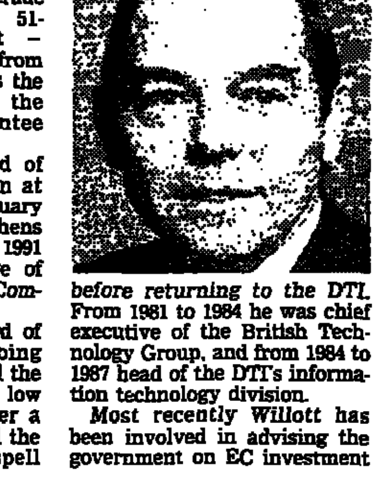
APPOINTMENTS

ECGD to maintain service

Britain's exporters can relax. The government has decided to appoint a department of trade and industry veteran – 51-year-old Brian Willott – rather than a hachetman from Her Majesty's Treasury as the next chief executive of the Export Credits Guarantee Department.

Willott, currently head of financial services division at the DTI, takes over on January 13, replacing Malcolm Stephens who resigned in December 1991 to become chief executive of the London Chamber of Commerce.

Willott Joined the Board of Trade in 1967, after doing research at Cambridge and the University of Maryland on low temperature physics. After a number of posts, he joined the Treasury for a brief spell



before returning to the DTI. From 1981 to 1984 he was chief executive of the British Technology Group, and from 1984 to 1987 head of the DTI's information technology division.

Most recently Willott has been involved in advising the government on EC investment services and the introduction of Taurus, which is designed to remove the paper from securities trading. In recent months the short-term insurance arm of ECGD – accounting for roughly 40 per cent of ECGD's workforce – has been sold to the Dutch, and Willott is conscious that he is joining an organisation where morale is low.

"In today's uncertain world, I know that project exporters will continue to look to us to provide the vital support they need to achieve export success," says Willott. "I shall do my very best to ensure that ECGD continues to provide an effective service to industry." He says that previous posts, such as at BTG, have given him plenty of experience of high-risk jobs.

Another Rutlish grammar schoolboy makes good. Michael Doerr is to take over as group managing director of Friends Provident, one of Britain's top three mutual life insurers.

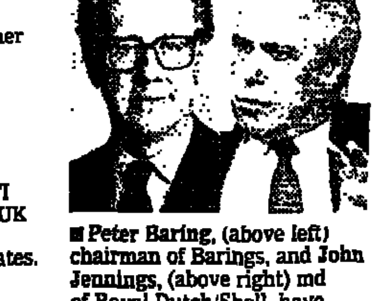
The 56-year-old Doerr, who went to the same school as prime minister John Major and qualified as a fellow of the institute of actuaries in 1954, will succeed the 60-year-old Fred Cotton, in charge for the past 11 years. Cotton, who will step down as an executive after the annual meeting on May 27, will remain on the board and will play a representative role in developing Friends Provident's Eureko partnership.

Doerr takes the helm at a particularly difficult time in the history of the 159-year-old company. In terms of the introduction of new computer technology and investment performance, Friends Provident compares well with its peers. With over £8bn of funds under management and close to £1bn a year of premium income it is one of the fastest growing and most successful life insurers. However, it is having to sever its ties with Abbey National following the latter's takeover of Scottish Mutual, a smaller and less successful insurer.

Doerr says that the loss of the Abbey business is "not a catastrophe" and he believes that the the combination of new distribution channels plus his firm's European partnership will make good any business shortfall.

Bodies politic

■ Sir Peter Middleton, former permanent secretary to the Treasury, John Cubbin, previously a professor at Manchester School of Management, and Nigel Attenborough, one-time economic adviser to the DTI and MMC, have joined the UK advisory board of National Economic Research Associates.
■ John Bowcock, chief executive of Sir Alexander Gibb & Partners who is currently project director for the Lesotho Highlands Water Project, has been elected chairman of the British Consultants Bureau.
■ Howard Briggs, secretary of Leeds Permanent Building Society, is appointed a director of the Building Societies Ombudsman Company.
■ Joyce Blow is chairman of the Public Relations Education Trust.



■ Peter Baring, (above left) chairman of Barings, and John Jennings, (above right) md of Royal Dutch/Shell, have become governors of London Business School.
■ Graham Titcombe, a director of Johnson Matthey, is president of the International Platinum Association.
■ Richard Diment will become director of the British Road Federation on the retirement in April of Peter Witt.
■ Daniel Hodson, deputy chief executive of Nationwide Building Society, is president of the Association of Corporate Treasurers.
■ Sir Michael Angus, chairman of Unilever, succeeds the late Charles Coad as chairman of the governors of the Royal Agricultural College, Cirencester.
■ David Botterill, formerly md of GEI's special steels division, succeeds Cedric Thomas as chief executive of the Engineering Employers' West Midlands Association.
■ Brian Hassell, md of Barclays Mercantile Business Finance, and Bob Wyatt, deputy md of Midland Corporate Banking and vice-chairman of Forward Trust Group, are joint chairmen of the Finance & Leasing Association, which was formed by the merger of the Equipment Leasing Association and the Finance Houses Association.
■ John Carter, a director of Commercial Union, is chairman of the Loss Prevention Council.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
[illegible]						

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd Worthing
Dealing 0277 261010 Enq: 0903 204631

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	5	223.4	226.6	241.0	-0.7	6.44
(Accum Units)	5	362.3	367.6	391.0	-1.0	6.44
UK Growth	5	274.9	278.8	296.5	-1.0	4.27
(Accum Units)	5	331.9	336.6	358.0	-1.3	4.27
Int Equity Gth ♣	5	47.70	47.84xd	50.89	+0.26	1.51
Intl Bond	5	53.61	53.61xd	56.30	+0.2	7.04
Special Sits Gwth	5	15.74	16.40	17.44	+0.03	3.57
North American Gwth	5	67.83	68.14	72.48	+0.74	1.10
European Growth ♣	6	47.50	47.76	50.80	+0.14	1.75

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Jeton Investors	0	1044.6	1044.6	1071.7	-22.2	4.41

Maiden Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden General	0	105.5	105.5	108.7	-	6.37

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	88.80	90.51xd	96.29	-0.68	3.74

NM Unit Trust Mngrs (1200)F
The Bilton Centre, North Harbour, Portsmouth
Enquiries 0705 372222 Dealing 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	33.06	33.06	35.26	-0.06	1.08
(Accum Units) ♥	5¼	35.81	35.81	38.19	-0.06	1.08
Australian ♥	5¼	193.30	193.30	207.40	+1.50	2.46
(Accum Units) ♥	5¼	218.50	218.50	234.40	+1.60	2.46
Conscience	5¼	52.43	53.13xd	56.91	+0.21	1.37
(Accum Units)	5¼	55.74	56.70	60.51	+0.22	1.37
European	5¼	136.30	136.30	145.30	-1.40	1.03
(Accum Units)	5¼	144.60	144.60	154.20	-1.50	1.03
Extra Income	5¼	60.17	60.17	64.21	-0.60	9.52
(Accum Units)	5¼	85.29	85.29	91.02	-0.85	9.52
Far East Gth Acc	5¼	96.02	96.02	102.60	-0.90	0.00
Gilt & F.I.	5¼	53.71	53.71	56.85	+0.14	8.02
(Accum Units)	5¼	116.50	116.50	123.20	+0.30	8.02
Gold ♥	5¼	26.96	26.96	28.98	-0.41	0.00
(Accum Units) ♥	5¼	29.03	29.03	31.21	-0.48	0.00
Income	5¼	42.34	42.34xd	45.16	-0.78	6.26
(Accum Units)	5¼	121.40	121.40	129.40	-2.30	6.26
Intal	5¼	23.45	23.45	25.16		0.44
(Accum Units)	5¼	33.46	33.46	35.90	+0.01	0.44
Jap Smaller Cos	5¼	283.50	283.50	302.40	-2.30	0.00
Sing & Malaysian	5¼	92.59	92.59xd	99.29	-0.61	0.00
(Accum Units)	5¼	96.29	96.29	103.20	-0.70	0.00
Smaller Co's ♥	5¼	22.79	22.79xd	24.50	-0.03	2.65
(Accum Units) ♥	5¼	25.86	25.86	27.80	-1.05	2.65
Special Sits	5¼	25.38	25.38	27.29	-0.28	0.95
(Accum Units)	5¼	28.50	28.50	30.64	-0.32	0.95
Tokyo	5¼	61.00	61.00	65.06	-0.58	0.00
(Accum Units)	5¼	61.61	61.61	65.71	-0.59	0.00
UK Equity ♥	5¼	133.50	133.50xd	142.40	-2.20	4.29
(Accum Units) ♥	5¼	241.70	241.70	257.80	-4.00	4.29
US Smaller Cos ♥	5¼	62.85	62.85	67.21	-1.80	0.00

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.1	112.8		-
Pension Managed Fd	106.0	111.6		-
Life Deposit Fd	111.7	117.6		-
Pension Deposit Fd	118.8	125.1		-

For National Fin ser Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	165.8	174.6		-
UK Equity	173.2	182.4		-
Overseas Equity	131.4	138.4		-
Fixed Interest	156.4	164.7		-
Property	128.5	135.3		-
Index Linked	150.4	158.4		-
Deposit	165.9	174.7		-
With Profits (B)	135.7	142.9		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	348.2	366.6	+0.3	-
UK Equity	436.3	459.3	-1.0	-
Overseas Eq	331.7	349.2	+2.4	-
Americas	288.3	303.5	+1.3	-
Far East	345.5	363.7	+1.4	-
Property	193.9	204.2	-0.1	-
Fixed Int	274.2	288.7	+1.2	-
Indexed Gilt	160.5	169.0	+0.8	-
Deposit	189.5	199.5		-
With Profit	106.2	111.8		-
Pension Fund (Accum Units)				
Managed	503.1	529.6	+0.3	-
UK Equity	589.1	620.2	-1.5	-
Overseas Eq	563.3	593.0	+2.9	-
Americas	374.2	393.9	+3.6	-

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Viking Fund–SICAV				
♦NAV Dec 31 Ecu67 74				
"WINTERTHUR" Fund Mngmt Co (Lux) SA				
WTN Global Intl Bond	Ecu111 21		(z)	-
WTN Global Intl Equity	Ecu96 52		(z)	-
WTN Global Intl Reserve	SFr212 49		(z)	-
World Bond Fund–SICAV (u)				
World Bond Fund	$25 45	26 73	-0 06	0.75
Inv Ad Warburg Asset Mngt London				
World Trust Fund				
Shares NAV	$9 94		+0.15	-
UNIT NAV	$49 70		+0 75	-
Yamaichi Advanced Technology Fd				
Advanced Tech	$20 40		.....	-
Yamaichi 1992 OMNT Fund SICAV (u)				
NAV	$10.25	10.31	....	-

SWITZERLAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
B.I.A. Bond Investments AG						
8 Baarerstrasse CH6301 Zug, Switzerland 217180						
Barer Sf, Series A			SFr– 8790 0	9350.0	..	-
Barer Sf, Series B			SFr– 879 0	935 0	..	-

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
ATSP Management Ltd				
Philippines Long Term Equity Fund				
NAV Nov 30	$16 04		..	-
Abtrust Fund Mngrs (Guernsey) Ltd				
The New Asia Fund Ltd				
NAV US$ (diluted)	$–		...	-
NAV US$ (undiluted) Dec 31	$6 71		..	-
Adig Investment				
Adiremta	DM20.86	21 49	+0 02	-
Adiverba	DM138.79	145.73	+0.07	-
Fondak	DM67 98	71.38	-0.02	-
Fondis	DM57 61	60 49	+0.49	-

	Bid Price	Offer Price	+ or -	Yield Gross
Gaia Currency Funds				
Gaia Hedge I	$107 95	108.36	.	-
Gaia Hedge II	$260 63	263.55	.	-
Gaia Hedge III	$52 19	52.95	.	-
Gaia Gtd Crrncy I	$81 15	-	-	-
Gaia Gtd Crrncy II	$87 22	-	-	-
Gaia Swiss Franc	SFr104.60	105 60	..	-
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio	1 02			9 42
Growth Portfolio	£1 20		+0 01	0 98
Balanced Portfolio	1.11		+0 01	1 48
Genesis Fund Managers Ltd				
Chile Fd NAV Dec 31	$–	27.79	+0 01	-
Emerging Mkts Dec 31	$–	18.65	+0 89	-
Malaysia Majn Dec 31	$–	9.54	......	-
Condor Fd Dec 31	$–	14.26	+1 16	-
Gertrust SA				
Samurai Portfolio	SFr264.00	287.00	.....	-
Global Asset Management				
GAMerica	$291 02		+18 29	-
GAM Arbitrage	$286 08		+6.69	-
GAM ASEAN	$191.34		.....	-
GAM Australia	$141 00		-	-
GAM Boston	$337 50		+6 03	-
GAM Europa	$98 23		+4 96	-
GAM Europe Fd	$76 99		-3 19	-
GAM France	FFr1441 85		+37.23	-
GAM Franc-val SFr	SFr181 29		+4.70	-
GAM Global Fd	$108.99		-0.90	-
GAM High Yield	$113 74		+2.30	-
GAM Hong Kong	$262.75		.....	-
GAM International Fd	$141.05		-3.36	-
GAM Japan	$656 99			-
GAM Nth America Fd	$133 12		+9 18	-
GAM Money Mkt US$	$100 07		+0 01	-
Do Sterling	£100 19		+0.03	-
Do Swiss Fr	SFr100 14		+0 02	-
Do Deutschemark	DM100 16		+0 02	-
Do Yen	Y10009		.....	-
GAM Multi-Mngr-Allocat	$116.27		.....	-
GAM Multi-Mngr-Cap Eq	$117.76		...	-
GAM Multi-Mngr Trading	$116 05		..	-
GAM Multi-Mngr Deferred	$111 93		-	-
GAM Multi-Mngr Euro	$100 08		-	-
GAM Overseas	$96 25		-0 71	-
GAM Pacific	$570 80		...	-
GAM Pacific Basin Fd	$133 49		+0.13	-
GAM Restructuring	$140 73		+7 98	-
GAM Selection	$446 42		+7 43	-
GAM Singapore/Malaysia	$242 48		-	-
GAM SFr Special Bond	SFr100.31		-	-

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS† (3:00 pm)

January 3	US$	+ or −
AAR Corp	13⅝	+¼
AMP Inc	59¾	+1⅛
AMR Corp	71⅜	+1⅞
ASA	47	+¼
Abbott Labs	67¼xd	....
Acme Cleveland	7⅛	−⅛
Adobe Res	4.75	−0.38
Advanced Micro	18¼	+⅜
Aetna Life	42¾xd	−½
Affiliated Publ	8½xd	−⅛
Ahmanson (HF)	17	....
Air Prod & Chemical	76¼xd	+2⅜
Alberto-Culver B	30⅞	+⅛
Albertson's	39xd	+¼
Alcan Aluminium	20⅞	+¼
Alco Standard	34⅞	−⅜
Alexander & Alex	19⅞	−⅛
Alex & Baldwin	28	+½
Allegheny Power	44⅝	+⅛
Allied Signal	42	+⅛
Aluminum Co of Am	64¼	+¼
Amax	18⅝xd	−1⅛
Amdahl Corp	15⅞	+½
Amerada Hess	49¼	+⅝
Amer Brands	44⅞	+⅛
Amer Cyanamid	64⅞	+¾
Amer El Power	33⅞	−⅛
Amer Express	20¾xd	....
Amer Genl Corp	43⅞	....
Amer Greetings Cl A	39¾	−¾
Amer Home Pr	83	−1¼
Amer International	97⅜	+⅝
Amer Natl Ins	41¾	....
Amer Stores	33¾xd	+¼
Amer T & T	39½xd	+¼
Ameritech	64⅝xd	+½
Ames Dept Stores	0.94	+0.13
Ametek Inc	13⅝	....
Amoco	50¾	+¼
Analog Devices	10	+⅜
Anheuser-Busch	60xd	−⅜
Aon Corp	39⅜	−¼
Apple Computer	58¾	−¼
Archer Daniels	31½	−⅜
Arkla	12⅞	+⅛
Armco	5¼	....
Armstrong World	29⅝	−⅞
Asarco	21⅝	−⅛
Ashland Oil	30⅝	+⅝
Atlantic Richfield	109⅛	....
Auto Data Pro	44½	....
Autodesk	36¾xd	−¼
Avery Dennison	24⅜	+⅛
Avnet Inc	26⅝	+⅛
Avon Products	45⅜	−⅛
Bairnco Corp	7¼	+⅛
Baker Hughes Inc	20¼	−⅛
Ball Corp	37¾	−¼
Bally	5½	+½
Baltim Gas & El	34	−⅛
Banc One	51¾	−¼
Bandag	118½	−⅛
BankAmerica	37	−⅜
Bank of Boston	11⅞	−⅛
Bank of New York	31¼	−⅛
Bankers Trust N Y	63⅞xd	+¼
Barclays plc ADR	27	−½
Barnett Banks Flori	32¾	−⅝
Battle Mount Gold	7¼xd	−¼
Bausch & Lomb Inc	56⅜	−⅞
Baxter Intl	39⅜	+⅛
Becton Dickinson	66½	+⅛
Bell Atlantic	48⅞xd	−⅛
Bell Industries	11⅜xd	+⅛
BellSouth	52¼xd	−⅛
Belo (A H) A	31⅝	−⅛
Beneficial Corp	63	....
Bethlehem Steel	14⅜	+¼
Betz Labs	61¼xd	+1½
Beverly Enterprises	9¼	−⅛
Black & Decker	17¼	+¼
Block (H&R)	36½	....
Boeing	47¼xd	+⅛
Boise Cascade	23⅜	....
Borden Inc	32⅝	−¼
Bowater Inc	20⅞	−1⅛
Briggs & Stratton	43¼	−¼
Bristol Myers Squibb	88½xd	+½
Brit Airways ADR	42¾	−⅞
BP ADR	65⅜	−⅛
Brit Steel ADR	13¾	....
Brit Telecom	62⅞xd	+¼
Broad Inc	18¼	−¼
Brooklyn Union Gas	30xd	−¼
Brown Forman B	85	+1½
Brown Group	27¼	+⅛
Brown & Sharpe	9⅛	−⅛
Browning Ferris	21⅞	+⅛
Brunswick	14⅜	+⅜
Burlington Ntbn	40⅜	+¼

January 3	US$	+ or −
Control Data	10¼	−⅛
Cooper Inds	56¼	+⅛
Coors (Adolph)	20⅞	....
Corestates Finl	47⅝	+¼
Corning Inc	79½	+¼
Crane	24⅛	+⅜
Cray Research	41⅜	+1¼
Crown Cork & Seal	91¼	+¼
Cummins Engine	53¾	....
Curtiss-Wright	29⅞	−¼
Cypress Semicond	16¼	+¼
Cyprus Minerals	22⅝xd	+⅛
DSC Commun	3.87	+0.13
DQE	30¼	−⅛
Dana Corp	27	−¼
Data General	16⅛	−⅛
Dayton Hudson	60⅛	−1⅝
Deere	47½xd	−⅛
Delmarva Pow & L	21⅜xd	....
Delta Air Lines	68⅛	+1⅞
Deluxe Corp	39⅛	+⅛
Detroit Edison	34⅞	+⅛
Dial Corp Ariz	45⅞	+⅜
Diebold Inc	47	−⅞
Digital Comms	18¼	−½
Digital Equipment	57¼	+1¼
Dillard Dept St	125⅞xd	+⅛
Disney (Walt)	118¾xd	+2⅞
Dole Food Inc	35½	....
Dominion Res	57½	+½
Donnelley (RR)&Sons	49¼	+⅝
Dover Corp	42⅜	+1⅛
Dow Chemicals	53¾	−⅝
Dow Jones	26⅛	+1⅛
Dravo Corp	8⅜	+⅜
Dresser	19½	−⅝
Dreyfus Corp	45⅝	−1⅞
Duke Power	34⅜	−¼
Dun&Bradstreet	55⅛	−¼
Du Pont	46⅛	−¼
E G & G Corp	48¼xd	−⅛
E-Systems	37¼	−⅝
Eastern Enterprises	27	−⅜
Eastman Kodak	48½	−⅜
Eaton Corp	63	−1
Echlin Inc	13¾xd	−¼
Emerson Electric	54⅛	−1
Engelhard Corp	31⅞	+⅛
Enron Corp	36¼	+⅜
Enserch Corp	14	+¼
Entergy Corp	29	....
Ethyl Corp	27⅜	−⅛
Exxon	59⅞	−⅛
FMC Corp	47	−½
FPL Group	36⅝	+⅛
Fedders Corp	7⅞	−¼
Federal Express	36⅞	−1⅝
Federal Mogul	15⅛	+¼
Fed Nat Mtge	68⅞	−⅛
Federal Paper Brd	28½xd	−⅛
Fieldcrest Cannon	12½	+⅛
Fina Inc A	70	....
First Bank Systems	24⅝	....
First Chicago	23⅞	−½
First Fid Bancorp	32⅞	....
First Interstate	30¼	....
First Mississippi	9⅜xd	....
First Union Rlty	7xd	+⅛
Fleet/Norstar	25½	+⅞
Fleetwood Enterpr	35¼xd	+⅞
Fleming Cos Oklah	34¾	−⅛
Florida Progress	47	+⅛
Fluor Corp	43⅜	+⅜
Food Lion A	24¾	−⅝
Food Lion B	25⅛	−⅛
Ford Motor	30⅝	+1⅛
Foster Wheeler	27½	−1
Freeport McMoran	40½	+⅛
Fund American Cos	69½	−⅛
GATX Corp	28	+⅛
GEICO Corp	196¼	+¼
GTE Corp	34	−½
Gallagher (AJ)	22¾xd	....
Gannett	43⅛	−⅝
Gap Inc Del	58	+2¼
Gencorp	10¾	−½
Gen Am Investors	28¼	+⅛
Gen Cinema	18¼xd	−⅛
Gen Dynamics	54⅛xd	+⅛
Gen Electric	76¼	−⅛
Gen Mills	75⅛xd	+⅜
Gen Motors	32½	+1⅝
Gen Motors E	64⅛	+2⅝
Gen Motors H	14⅞	+⅜
Gen Public Utilit	26⅜xd	−⅛
Gen Reinsurance	102⅞	+2⅜
Gen Signal	52½	−⅞
Genuine Parts	48¼	−¼
Georgia Pac	57¾	+1¼
Gerber Products	75⅛	+6¼
Gillette	53⅜xd	−1¼
Golden West Finl	41⅝	−¼
Goodrich (BF)	42	+⅛
Goodyear Tire	54½	+1¼

INDICES

WORLD STOCK MARKETS

AMERICA

Dow overcomes early dip on profit-taking

Wall Street

US STOCK markets overcame an early profit-taking dip and made further modest gains in morning trading yesterday, continuing the remarkable rise of the past two weeks, *writes Martin Dickson in New York.*

At 2pm the the Dow Jones Industrial Average was up 19.90 points at 3,192.81 while the New York Stock Exchange enjoyed good volume of around 130m shares, with advances outnumbering declining shares by 894 to 713. The broader Standard & Poors 500 Index, however, stood at 417.19, down 0.07.

The Government bond market saw a continuation of Thursday's sell-off, but this was attributed mainly to profit-taking rather then a change in the market's generally bullish mood of the past few weeks. A 0.6 per cent rise in factory orders in November was brushed aside, but the market remained keenly interested in the release of weekly money supply data, due late in the afternoon.

The benchmark long bond was quoted at lunchtime at 106½, *down* ⅛, to yield 7.48 per cent while the 10-year note was quoted at 104¾, down ⅛, to yield 6.82 per cent. Prices had recovered some of their early losses as bargain-hunters moved in.

On the New York Stock Exchange, stocks dipped at the opening, turned higher, and retreated again before moving more firmly higher, with buyers moving in on each sign of weakness. The three big US automobile manufacturers were strong performers, apparently thanks to a rating upgrade from an analyst at the brokers Dean Witter Reynolds. General Motors, which announced plans for major rationalisation, including plant closures and job losses earlier this month, was up $1⅞ at $32½. Chrysler was up $⅞ at $13⅝, while Ford was up $1⅛ at $30⅞.

The rise came despite Thursday's announcement that mid-December car sales slumped to the lowest level in an already poor year. However, some informal reports from dealers suggest that the Federal Reserve's sharp December 20 cut in interest rates – the driving force behind the current stock market rally – may have given a fillip to late December car sales.

Among other blue chips, IBM stood at $90⅛, down $⅛, while General Electric was at $76⅛, down $¼. American Telephone and Telegraph stood at $39⅛, up $⅛. It is expected to make a major announcement on Monday on visual communications.

Many leading US retailers produced sales figures for the crucial December period yesterday and Wal-Mart, the fast-expanding Southern group, which reported a 5 per cent rise on a same-store basis, was one of the day's most heavily traded stocks. At lunchtime it stood at $57¾, down $1⅜. Gap, the fashion clothes retailer was up $1⅛ at $57⅛ after reporting a 14 per cent rise in same store sales. Sears dropped $⅛ to $38⅛ after reporting a 1.8 per cent drop in same-store sales.

Canada

TORONTO stocks were stronger across the board in light midday trading. The TSE-300 was up 15.20 at 3,508.86 in 9.7m shares. Advances led declines by 235 to 148 with 228 issues unchanged.

Among the most actives, Metall Mining rose C$⅛ to C$10⅛ in 316,300 shares traded in a block crossed by First Boston.

Laidlaw B shares were off C$⅛ at C$10⅛ in 223,000 shares.

International Petroleum gained C$⅛ to C$6⅛ with 416,000 shares changing hands.

SOUTH AFRICA

JOHANNESBURG gold shares regained some lost ground as bullion prices edged off their lows. The all-gold index ended 24 higher at 1,148 while the industrial index added 6 to 4,175. The all-share index finished at 3,434, up 7.

Continental top ten invaded by pharmaceuticals

William Cochrane describes how equity investment fashions changed as last year split into two

PHARMACEUTICALS took over the running among European blue chips in the second half of 1991 while cyclicals and banks, which featured earlier in the year, dropped out of the reckoning.

Dreams of economic recovery, inspired by a quick end to the Gulf war, were replaced by renewed worries about recession, and a move to defensive stocks. Volvo and Philips in consumer durables still made the top 10, but this partly reflected the severity of their share price losses in 1990.

Drug companies have visible earnings, a quality lacking in former luminaries such as real estate developers which, along with worries about Soviet debt, have troubled the banking sector. In addition, continental European drug companies are benefiting from US investment interest, in anticipation of harmonisation in corporate accounting procedures.

Mr Mark Tracey, European pharmaceuticals analyst at Paribas Capital Markets, says that US investors have raised their stake in the UK's Glaxo, part of the sector's quality triumvirate along with Astra and Roche, from 9 per cent to around 26 per cent.

Information suggests that US investors hold 7 to 8 per cent in Astra and Roche, the former with 60 per cent of its equity restricted to Swedish investors but prospectively wide open to foreigners as Sweden enters the European Community.

Other companies, particularly Sandoz and Ciba-Geigy of Switzerland, probably generated around 60 per cent of their profits last year from pharmaceuticals as industrial chemicals dropped their contributions; these two are seen as beneficiaries from the growth in drugs, and the more cyclical recovery prospects in bulk chemicals.

But why should the continentals be doing so well? Prospects for UK pharmaceutical companies are under threat from inflation, and world-wide pressure on drug pricing. That, says Mr Tracey, is because UK companies get between 35 and 65 per cent of their profits from the US market while the continentals ascribe between zero and 25 per cent to that source.

France, depressed for most of November and December by interest rate uncertainty, the Bundesbank's rate rise on December 19 and its own four days later, still managed to produce three of the Eurotrack top 10, and five of the top 15 while Germany was noticeable for its absence.

France performed better over the year, as Germany's expansion to the east came to be perceived as an economic liability, rather than an opportunity. But it also had more big companies in defensive and consumer-oriented areas.

Mr John Fordyce of Ferri International in Paris sees technical features, and timing, in Euro Disney's gallop up the charts lately. The technicality, he says, is a $3.3bn Walt Disney issue, convertible into the cash value of Euro Disney shares, which should provide support for the share price of the French offshoot.

The other, he says, is that Euro Disney's leisure park is due to open on schedule on April 4, well located and served by transport facilities, amid a rising tide of highly professional publicity.

Of France's other two top performers, L'Oreal is a worldwide leader in cosmetics and, once again, it is also liked for its pharmaceuticals subsidiary, Synthélabo. Total, the oil company, has seen a lot of US buying – as has Telefonica, the Spanish telecommunications network operator and another recent climber in the charts.

France had its losers. Paribas, the diversified banking group, ran into more problems in the corporate finance market, high provisions against conventional banking risks and the unexpected deterioration in specific situations such as companies owned by the late Mr Robert Maxwell, and the Soviet Union.

Meanwhile Axa, the insurer, saw general pressure on the industry: from non-life losses, a consequence of recession; pressure on net assets, from the softening of the bond and real estate markets; and from the French government's decision to make insurers pay compensation to Aids sufferers as a result of the maladministration of the national blood transfusion service.

Mr Jonathan Walker, European insurance analyst at Baring Securities, adds that Axa was weighed down by a misunderstanding of its $1bn-plus investment in Equitable Life of the US which, he says, has significant upside potential; a rise in the shares from FFr645 to FFr758 in two weeks indicates that the market is beginning to see the light.

Insurers also provided a top 10 entrant in Skandia, depressed at the end of 1990 by sky-high interest rates in Sweden, a very weak stock market and a fast weakening one in real estate. It had fire losses in Sweden, an Italian acquisition doing extremely badly and UK motor business which, for competitive reasons, was seriously unprofitable.

However, Skandia was also the focal point of plans for a strong Scandinavian insurance industry which eventually brought its Norwegian counterpart, Uni Storebrand, into the market. That was in December, and this particular pot is only a little off the boil.

Being involved in merger situations was no guarantee of stock market success. In a bottom 10 riddled with depressed Italian blue chips, Pirelli SpA had to pull out of negotiations with the German tyremaker, Continental, as Pirelli forecast worse-than-expected losses and its share price collapsed. Ferruzzi Finanziaria and Montedison, members of one family group, reflected industry problems; as did the car manufacturer Fiat (11th from bottom) and the Agnelli family holding company Gemina. Olivetti suffered from the recession in the computer industry.

Among former darlings of the Scandinavian markets, Ericsson ran into third quarter losses; in November, management was cautious and sombre about prospects for 1992. From October, Norsk Hydro dropped on a Norwegian market already demoralised by the collapse of its banking industry, uncertain short-term earnings prospects and the fact that it ran ahead of itself in 1990.

Finally, Asea and Brown Boveri, the Swedish- and Swiss-quoted companies which merged their operations several years earlier, also hit trouble in the third quarter of 1991. Asea nearly slid into the bottom 10 (coming 12th) and Brown Boveri got there, on third-quarter figures which were worse than reduced expectations; as with Ericsson and Norsk Hydro, premium ratings for both stocks have had to be reconsidered.

FT-SE EUROTRACK 100 CONSTITUENTS: WINNERS AND LOSERS IN 1991

Top 10	Actual change %	Change* relative to Eurotrack 100 %	Bottom 10	Actual change %	Change* relative to Eurotrack 100 %
Astra	61.62	44.73	Ericsson	-41.30	-47.44
Euro Disney	61.20	39.53	Pirelli SpA	-38.99	-45.44
L'Oreal	59.45	38.01	Ferruzzi Finanz.	-25.51	-35.50
Volvo	52.17	36.28	Paribas	-24.47	-34.63
Skandia	51.28	35.48	Norsk Hydro	-23.89	-33.85
Total	53.44	32.80	Olivetti	-22.13	-32.57
Novo Nordisk	51.62	30.74	Brown Boveri	-16.24	-30.52
Telefonica	46.43	27.27	Gemina	-17.68	-28.71
Sandoz	52.84	26.77	Axa	-13.15	-24.82
Philips	43.84	25.16	Montedison	-12.35	-24.09

* Actual changes are in local currencies; relative gains and losses are affected by currency fluctuations.

EUROPE

Paris rises to six-week high in quiet continental trading

SPECIAL situations enlivened a quiet Friday on the Continent, *writes Our Markets Staff.*

PARIS achieved its best close since mid-November, driven higher by a firm bond market, Wall Street and demand for Total and Michelin. The CAC-40 index rose 20.39 or 1.2 per cent to 1,770.30, up 2.9 per cent on the week, in volume of FFr1.5bn.

Total added FFr48 or 4.8 per cent to FFr1,033 with 175,975 shares traded following the overnight gains of its ADS's on Wall Street on renewed optimism about the company's Colombian oil find.

Michelin rose FFr5.20 or 4.3 per cent to FFr126 with 247,000 shares traded ahead of Monday's launch of its "green" tyre the Detroit motor show. But some analysts dismissed the talk as "old hat".

Paribas, one of the worst performers last year, jumped FFr17.70 or 5.7 per cent to FFr327.50 as investors picked up cheap stocks.

FRANKFURT ran into profit-taking which left it marginally better on the day, but 2.6 per cent up on the week measured by both FAZ and DAX indices which closed up 1.27 at 653.19, and 1.74 at 1,603.62 respectively. Volume was said to be thin.

Retailers fell on fears of disappointing Christmas sales. Asko dropped another DM15 to DM610 and Karstadt DM8 to DM630.

In cars, Volkswagen fell DM4 to DM302.60 after its chairman, Mr Carl Hahn, told a magazine that 1991 production of Golf cars was below capacity. Porsche recovered DM27 to DM567, supported by a weak D-Mark.

MILAN came off the day's lows on late demand for telecoms. The Comit index ended 0.38 higher at 507.81, up 2.2 per cent on the week. Turnover rose to L40bn from Thursday's pathetic L32bn. The bourse will be closed on Monday.

The telecoms sector rose 0.48 per cent on foreign buying, with Sip and Stet adding L25 to L1,407 and L2,100 respectively.

MADRID bounced on bargain hunting, with banks leading the rise. The general index closed 4.72 or 2 per cent higher at 243.65, up 2.7 per cent on the week.

Bilbao Vizcaya rose Pta110 or 4.3 per cent to Pta2,660 and Banco Popular by Pta430 to Pta10,700. In oils and construction, Repsol gained Pta90 to Pta2,480 and Asland Pta75 to Pta1,830.

BRUSSELS was upset by a trading error in this week's star performer, the retailer Delhaize. Delhaize closed down BFr360 at BFr8,550 francs after an erroneous sell order sent the price plummeting to BFr7,650 at midsession. The Bel20 index fell 5.36 to 1,103.10 but was up 1.9 per cent on the week.

OSLO was encouraged by foreign gains and the all-share index rose 8.14 to 427.07 in turnover worth NKr271m. All major sectors ended higher, and even the depressed banking sector managed a modest increase.

FT-SE Eurotrack 100 - Jan 3

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1083.96	1083.76	1086.74	1087.27	1087.42	1085.81	1086.79	1087.01

Day's High 1104.38 — Day's Low 1083.49

Jan 2	Dec 31	Dec 30	Dec 27	Dec 24
1078.19	1079.41†	1065.54	1055.30	1042.60

Base value 1000 (26/10/90) † Partial.

ASIA PACIFIC

Hong Kong achieves another record high

HONG KONG stood out in a generally firm day for the region on interest rate optimism. Tokyo, Taiwan and New Zealand remained closed.

HONG KONG rose to its fourth consecutive record high, buoyed by hopes of a reduction in local interest rates. The prime rate, at 8.5 per cent, was expected to be cut by a half-point at the Hong Kong Association of Banks meeting later in the day.

The Hang Seng index rose 5.85 to 4,307.18, up 1.7 per cent on the week, in turnover of just HK$968m against Thursday's HK$1bn. Trading, already light because of the absence of many fund managers, was further thinned by anxiety over the US-Sino trade tensions.

Most actively traded were Cheung Kong, unchanged at HK$19.80, HSBC Holdings, up 25 cents at HK$86.00 and China Light, up 30 cents at HK$23.50.

SEOUL ended sharply higher on active buying by foreign investors who were allowed to invest directly in the local market for the first time yesterday. Foreign investors were estimated to have placed buy orders worth Won100bn, most of the session's turnover which totalled Won104.17bn against Won386bn won on December 26, the previous a full day's session. The composite index rose 13.31 to 624.23, up 2.2 per cent on the week.

Foreign investor interest focused mainly on smaller-capitalisation issues. Buying pressure was further concentrated by investment ceilings of not more than 10 per cent imposed on foreign holdings of South Korean stocks.

Only 780 Korea Mobile Telecommunications shares changed hands before the issue hit its day limit-up of Won2,500 and activity ceased. It ended at Won78,900. In similar case were Lotte Confectionery, up Won1,300 to Won36,900 and Ankuk Fire and Marine Insurance Co, also up Won1,300 at Won39,400.

AUSTRALIA started lower, then rebounded on expectations that the Reserve Bank will cut cash rates by one percentage point to 7.5 per cent, probably after a board meeting on Monday. The All Ordinaries index rose 12.0 to 1,659.9, 4.1 per cent higher on the week, in turnover of A$114.2m.

A weaker currency gave resource shares an added lift with the miner CRA gaining 34 cents or 2.8 per cent to A$12.54. CRA also benefited from its Hamersley Iron unit which announced a record 50.17m tonnes of iron ore production for 1991 compared with 43.87m a year earlier.

SINGAPORE closed higher on late bargain hunting in blue chips. The Straits Times Industrial index closed at 1,480.89, up 1.54 on the day and 0.9 per cent on the week. Share volume was a moderate 30.73m, nearly half of this generated in the last hour of trading, against 24.45m on Thursday.

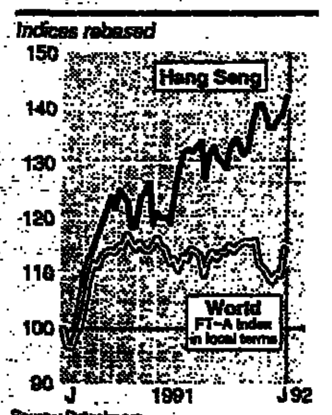
KUALA LUMPUR recovered in the afternoon to close mixed in thin trading. The composite index ended 0.83 higher at 552.99, fractionally higher on the week.

MANILA was encouraged by the positive sentiment prevailing at home and on Wall Street. The composite index rose 4.1 per cent or 48.38 to 1,221.16, the highest since November 1989 and 6 per cent higher on the week.

BANGKOK saw heavy trade in banking shares. The SET index ended 0.21 lower at 711.81, up 1.3 per cent on the week, supported by the firm banking sector. Turnover was Bt3.46bn.

Bangkok Bank was the most active stock, ending Bt28 higher at BT468 with Bt538m worth traded. Robinson, a department store chain which made its debut yesterday., was the second most active issue with Bt321m changing hands. The share finished at Bt95.50 against its offer price of Bt50.

BOMBAY broke through 2,000 on the BSE index to a new high of 2,007.22 before it closed at 27.34 higher at 1,996.50.



Source: Datastream

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	THURSDAY JANUARY 2 1992 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	TUESDAY DECEMBER 31 1991 — Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 1991/92 High	1991/92 Low	Year ago (approx)
Australia (68)	142.89	-0.8	118.64	117.85	118.96	131.67	-0.3	4.22	150.85	119.53	119.14	118.97	132.03	160.31	112.74	118.39
Austria (20)	166.19	-0.2	131.94	130.85	132.07	130.97	-0.2	2.20	166.53	131.96	131.54	131.34	131.21	222.37	153.86	192.42
Belgium (47)	144.94	+0.4	115.07	114.10	115.18	112.06	+0.7	5.29	144.34	114.38	114.00	113.84	111.24	151.20	118.04	133.06
Canada (113)	136.13	-0.1	108.07	107.17	108.17	113.51	-0.6	3.24	136.30	108.00	107.65	107.49	114.14	144.28	126.49	129.29
Denmark (37)	268.57	+0.5	213.22	211.45	213.42	218.61	+0.9	1.65	267.15	211.69	211.01	210.70	214.65	270.56	217.74	227.22
Finland (15)	79.84	+2.5	63.38	62.86	63.45	68.89	+1.8	3.54	78.02	61.82	61.63	61.53	67.71	125.15	73.32	101.71
France (109)	148.17	-1.5	117.63	116.65	117.73	121.32	-0.8	3.65	150.44	119.21	118.81	118.64	122.30	152.26	119.11	133.36
Germany (66)	118.68	+1.2	94.22	93.45	94.31	94.31	+1.9	2.44	117.33	92.97	92.68	92.53	92.53	125.35	94.15	110.53
Hong Kong (55)	176.63	+0.2	140.22	139.06	140.37	176.32	+0.1	4.22	176.36	139.75	139.29	139.10	176.14	176.63	119.62	121.49
Ireland (16)	170.98	+1.9	135.72	134.60	135.56	138.52	+2.4	3.62	167.81	132.97	132.54	132.35	135.31	182.46	132.88	144.29
Italy (77)	74.73	-0.8	59.33	58.83	59.38	64.57	-0.1	3.59	75.39	59.74	59.54	59.46	64.67	88.23	64.76	78.22
Japan (474)	136.26	+0.3	108.17	107.28	108.29	107.28	+0.0	0.79	135.82	107.63	107.28	107.13	107.28	146.97	118.23	127.25
Malaysia (68)	212.70	-0.7	168.86	167.45	169.02	222.98	-0.7	2.94	214.18	169.72	169.16	168.92	224.45	247.78	169.18	207.18
Mexico (18)	1376.91	-1.0	1093.11	1084.04	1094.18	4625.46	+0.0	1.13	1391.17	1102.37	1098.79	1097.20	4625.46	1404.63	534.45	580.51
Netherland (31)	154.68	+1.3	122.80	121.78	122.92	121.57	+2.1	4.44	152.68	120.98	120.59	120.42	119.09	154.68	125.70	134.35
New Zealand (14)	46.77	-0.4	37.13	36.83	37.17	46.17	+0.0	5.95	46.98	37.23	37.11	37.05	46.17	54.64	41.18	43.94
Norway (23)	181.67	+1.6	144.22	143.03	144.37	147.52	+1.9	1.78	178.79	141.67	141.21	141.01	144.75	223.24	157.08	198.84
Singapore (38)	218.04	-0.7	173.10	171.68	173.28	163.28	-0.4	2.14	219.68	174.08	173.51	173.26	164.00	219.68	151.63	159.63
South Africa (61)	249.19	+0.1	197.83	196.18	198.02	172.97	-0.4	2.86	248.90	197.23	196.59	196.30	172.99	271.99	173.00	181.99
Spain (58)	150.37	-3.9	119.37	118.39	119.49	110.67	-3.4	5.03	156.41	123.94	123.54	123.35	114.58	171.12	131.51	139.67
Sweden (26)	179.26	-1.0	142.31	141.13	142.45	147.95	-0.5	3.01	181.14	143.54	143.07	142.87	148.63	204.12	146.60	156.77
Switzerland (59)	99.60	-0.8	79.07	78.42	79.16	84.31	+0.0	2.37	100.37	79.53	79.28	79.17	84.31	100.67	82.17	88.76
United Kingdom (234)	185.12	-0.1	146.97	145.73	147.10	146.97	+0.1	5.07	185.33	146.86	146.37	146.16	146.86	187.44	156.27	164.99
USA (526)	169.90	+0.0	134.88	133.77	135.02	169.90	+0.0	2.87	169.88	134.62	134.18	133.99	169.88	169.90	125.95	130.11
Europe (815)	147.31	-0.3	116.95	115.98	117.07	117.71	+0.2	4.09	147.69	117.03	116.65	116.48	117.46	151.52	125.50	134.10
Nordic (102)	183.93	+0.1	146.01	144.80	146.16	144.63	+0.5	2.24	183.77	145.62	145.15	144.94	143.90	200.81	155.55	164.22
Pacific Basin (718)	137.47	+0.2	109.14	108.23	109.24	109.84	+0.0	1.11	137.13	108.66	108.31	108.16	109.86	145.92	117.86	126.41
Euro-Pacific (1533)	141.73	+0.0	112.52	111.58	112.62	113.75	+0.1	2.35	141.68	112.27	111.89	111.73	113.66	147.66	121.29	129.88
North America (640)	167.78	+0.0	133.18	132.09	133.33	166.05	+0.0	2.89	167.75	132.93	132.51	132.32	166.08	167.76	125.91	129.97
Europe Ex. UK (581)	124.70	-0.4	99.00	98.19	99.11	100.91	+0.3	3.37	125.14	99.16	98.86	98.72	100.60	129.80	103.58	115.22
Pacific Ex. Japan (244)	149.39	-0.4	118.60	117.63	118.73	134.33	-0.2	3.96	150.04	118.89	118.52	118.35	134.59	153.19	111.40	115.84
World Ex. US (1727)	143.44	+0.0	113.88	112.94	113.99	115.45	+0.0	2.37	143.41	113.63	113.27	113.11	115.40	148.16	122.32	130.64
World Ex. UK (2018)	148.06	+0.0	117.54	116.58	117.67	130.76	+0.0	2.27	148.01	117.28	116.91	116.74	130.73	148.06	120.06	125.96
World Ex. So. Af. (2191)	150.66	+0.0	119.61	118.63	119.73	131.97	+0.0	2.56	150.63	119.36	118.98	118.81	131.92	150.66	122.92	129.17
World Ex. Japan (1778)	160.66	-0.1	127.58	126.51	127.70	146.35	+0.0	3.35	160.88	127.46	127.08	126.89	146.28	160.86	126.69	131.83
The World Index (2252)	151.29	+0.0	120.11	119.12	120.23	132.39	+0.0	2.58	151.26	119.86	119.47	119.31	132.28	151.29	123.23	129.43

Constituent changes 3/1/92: Deletion: CBS Sovran (USA). Name change: American Family to Aflac (USA).
Latest prices were unavailable for this edition. Markets closed January 2: Japan, New Zealand and Switzerland.

LONDON SHARE SERVICE

BRITISH FUNDS

Stock	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100⅛xd	—	101¼	100⅛	12.73	—
10pc 1992		99 [illegible]	[illegible]	100 [illegible]	97 [illegible]	10.02	10.53
2pc IL 1992‡‡		134 [illegible]	+⅛	134 [illegible]	125 [illegible]	1.98	8.48
8pc 1992‡‡		99 [illegible]	[illegible]	99 [illegible]	95 [illegible]	8.06	10.40
10½pc Cv 1992‡‡		100	[illegible]	100 [illegible]	98½	10.50	10.36
3pc 1992		97 [illegible]	—	97 [illegible]	91 [illegible]	3.07	8.39
Exch 12¼pc 1992		101	[illegible]	102 [illegible]	100⅝	12.13	10.47
13½pc 1992		102	—	104⅛	101 [illegible]	13.24	10.40
Treas 8¼pc 1993		98	[illegible]	98⅝	94	8.42	10.14
10pc 1993‡‡		99 [illegible]	[illegible]	100¾	97 [illegible]	10.01	10.02
12½pc 1993‡‡		103 [illegible]	+⅛	104¼	102⅜	12.08	10.04
Funding 6pc 1993‡‡		95¼	—	95⅝	89⅝	6.30	9.01
Treas 13¾pc 1993‡‡		106 [illegible]	[illegible]	108⅝	105⅝	12.95	10.02
8½pc 1994		97½xd	[illegible]	97⅝	92 [illegible]	8.72	9.86
14½pc 1994‡‡		108 [illegible]	+⅛	111⅜	108 [illegible]	13.37	10.04
Exch 13½pc 1994		106 [illegible]	[illegible]	109	105 [illegible]	12.62	10.03
Treas. 10pc Ln. 1994‡‡		100 [illegible]	[illegible]	101½	96 [illegible]	9.98	9.88
Exch 12½pc 1994		105 [illegible]	[illegible]	107⅛	103⅛	11.84	10.02
Treas 9pc 1994‡‡		98 [illegible]	[illegible]	98 [illegible]	93¼	9.18	9.80
12pc 1995		105 [illegible]xd	+¼	106 [illegible]	102 [illegible]	11.38	9.91
Exch 3pc Gas 90–95		88¼		88	82¼	3.40	6.51
10¼pc 1995		101¼xd	[illegible]	102 [illegible]	96 [illegible]	10.12	9.87
Treas 12¾pc 1995‡‡		109⅛	+⅛	110 [illegible]	105⅞	11.68	9.88
14pc 1996		112 [illegible]xd	+⅛	114 [illegible]	109 [illegible]	12.41	10.09
9pc 1992–96‡‡		98½	+⅛	98 [illegible]	92 [illegible]	9.14	9.46
15¼pc 1996‡‡		117⅞	[illegible]	119 [illegible]	115 [illegible]	12.94	10.07
Exch 13¼pc 1996‡‡		111¼	[illegible]	112 [illegible]	108	11.91	10.04
Conversion 10pc 1996		100 [illegible]	[illegible]	101 [illegible]	95 [illegible]	9.93	9.82
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112 [illegible]xd	[illegible]	114 [illegible]	108 [illegible]	11.76	10.02
Exch 10½pc 1997		102⅝	+¼	103 [illegible]	97¼	10.23	9.82
Treas 8¾pc 1997‡‡		95 [illegible]	+¼	95 [illegible]	89 [illegible]	9.13	9.73
Exch 15pc 1997		121 [illegible]	+¼	123 [illegible]	117	12.38	10.07
9¾pc 1998		108xd	[illegible]	109 [illegible]	93 [illegible]	9.75	9.76
Treas 6¾pc 1995–98‡‡		88 [illegible]	+⅛	88 [illegible]	80⅝	7.64	9.23
15½pc '98‡‡		127	+¼	128⅜	121¾	12.20	9.94

BRITISH FUNDS - Cont.

Stock	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		118⅝	+⅛	111 [illegible]	104⅜	10.85	9.84
Treas 9½pc 1999‡‡		98 [illegible]	+⅛	100 [illegible]	92 [illegible]	9.63	9.58
Exch 12¼pc 1999		112¼	[illegible]	113⅝	105 [illegible]	10.91	9.85
Treas 10½pc 1999		103 [illegible]	[illegible]	104 [illegible]	97 [illegible]	10.18	9.74
Conversion 10¼pc 1999		102 [illegible]	[illegible]	103⅝	95 [illegible]	9.97	9.72
9pc 2000‡‡		96 [illegible]	—	97 [illegible]	89⅛	9.28	9.56
Treas 13pc 2000		117¾	—	118 [illegible]	110½	11.04	9.88
10pc 2001		102⅝	[illegible]	103 [illegible]	94 [illegible]	9.77	9.61
14pc '98–01		118 [illegible]	[illegible]	119 [illegible]	113 [illegible]	11.81	10.01
9¾pc 2002		101 [illegible]	+⅛	101 [illegible]	92 [illegible]	9.62	9.57
10pc 2003		103 [illegible]	[illegible]	104 [illegible]	94 [illegible]	9.67	9.61
Treas 11½pc 2001–04		110¼	+⅛	111	102	10.43	9.81
Funding 3½pc '99–04		61⅝	+⅛	62⅜	53 [illegible]	5.67	8.54
Conversion 9½pc 2004		100 [illegible]	[illegible]	100 [illegible]	90 [illegible]	9.49	9.48
9½pc 2004 A		100 [illegible]	[illegible]	100 [illegible]	96 [illegible]	9.49	9.49
9½pc 2005		100 [illegible]	[illegible]	100 [illegible]	90 [illegible]	9.48	9.47
Treas 12½pc 2003–05		120⅝	+¼	121 [illegible]	111	10.34	9.53
8pc 2002–06‡‡		88½	+⅛	88 [illegible]	79 [illegible]	9.04	9.47
Over Fifteen Years							
Treas 11¾pc 2003–07		114 [illegible]xd	+¼	115 [illegible]	105 [illegible]	10.22	9.54
8½pc 2007‡‡		93xd	[illegible]	93 [illegible]	84 [illegible]	9.14	9.37
8½pc 2007 A●		19⅞	[illegible]	20 [illegible]	18⅝	9.13	9.35
13½pc '04–08		128 [illegible]	[illegible]	129⅛	118 [illegible]	10.52	9.53
9pc 2008‡‡		97 [illegible]	+⅛	98	88 [illegible]	9.27	9.35
8pc 2009		88½	[illegible]	89 [illegible]	80	9.04	9.34
Conv 9pc Ln 2011‡‡		97⅛	[illegible]	97 [illegible]	88 [illegible]	9.27	9.32
9pc 2011 A		95⅝	—	96 [illegible]	91 [illegible]	9.51	9.32
9pc 2011 B		38 [illegible]	—	37 [illegible]	33 [illegible]	9.28	9.32
Treas 5½pc 2008–12‡‡		68⅜	+⅛	69	58 [illegible]	8.41	9.32
7¾pc 2012–15‡‡		84¾xd	+⅛	86 [illegible]	76 [illegible]	9.14	9.38
Exch 12pc '13–'17		124 [illegible]	[illegible]	126¼	113 [illegible]	9.66	9.38
Undated							
Consols 4pc		41¼	—	41¾	37 [illegible]	9.70	—
War Loan 3½pc‡‡		37 [illegible]	—	37⅜	33 [illegible]	9.44	—
Conv 3½pc '61 Aft		60 [illegible]	—	60 [illegible]	57¾	5.88	—
Treas 3pc '66 Aft		30⅝	[illegible]	30 [illegible]	28¼	9.88	—
Consols 2½pc		25⅞	—	26 [illegible]	23⅝	9.88	—
Treas. 2½pc		25⅝	—	26 [illegible]	23 [illegible]	9.76	—

BRITISH FUNDS - Cont.

Stock	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	122⅝	[illegible]	123¾	115 [illegible]	2.98	4.03
2pc '96	(67.9)	178 [illegible]	+¼	177⅞	168 [illegible]	2.59	4.15
2½pc '01	(78.3)	143 [illegible]	+¼	145⅛	137 [illegible]	4.08	4.39
2½pc '03	(78.8)	139¼	+¼	141 [illegible]	133	4.15	4.41
2pc '06	(69.5)	140 [illegible]xd	[illegible]	143 [illegible]	135	4.22	4.43
2½pc '09	(78.8)	128 [illegible]	[illegible]	131 [illegible]	124 [illegible]	4.24	4.43
2½pc '11	(74.6)	132½	[illegible]	135 [illegible]	128 [illegible]	4.25	4.43
2½pc '13	(89.2)	108⅞	[illegible]	111 [illegible]	105 [illegible]	4.25	4.41
2½pc '16	(81.6)	116 [illegible]xd	[illegible]	118 [illegible]	113 [illegible]	4.24	4.40
2½pc '20	(83.0)	110⅞	[illegible]	113 [illegible]	109½	4.25	4.38
2½pc '24‡‡	(97.7)	91¾xd	[illegible]	95¼	90 [illegible]	4.23	4.36

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

OTHER FIXED INTEREST

Stock	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		106 [illegible]	—	107⅞	95⅞	10.78	10.26
Asian Dev 10¼pc 2009		101 [illegible]	—	102⅝	91⅞	10.38	10.02
B'ham 11½pc 2012		104⅝	—	105¼	100½	11.38	10.95
Ireland Cap 8½pc '10		98	+1	98	88½	8.98	—
9pc Cap 1996		98½	+2¼	99	93	9.17	—
13pc '97–02		114⅛	+¼	115	109½	11.35	—
GLC 6¾pc 1990–92		99 [illegible]	—	99 [illegible]	93½	6.82	10.80
Hydro Quebec 15pc 2011		132 [illegible]	[illegible]	133 [illegible]	120 [illegible]	11.8	10.96
Int-Am Dev 12½pc 2003		115 [illegible]	[illegible]	118 [illegible]	105 [illegible]	11.09	10.13
9¾pc 2015		97 [illegible]	[illegible]	97 [illegible]	85 [illegible]	10.37	10.07
Leeds 13½pc 2006		117½	—	118½	110½	11.69	11.08
Liverpool 3½pc Irred		30½	—	31	28	11.67	—
LCC 3pc '20 Aft		27½	—	27½	26	11.11	—
Manchester 11½pc 2007		104¼	—	105½	97½	11.27	10.87
Met. Wtr. 3pc 'B'		63½	—	53½	52	6.77	10.15
N'wide Anglia 3⅞pc 2021		105	—	108¼	102	—	5.50
4¼pc IL 2024		105	—	107¾	104	—	5.23
Sth Rhod 87–92 Asstd		98½	—	98½	84½	4.82	—
Utd Mex States 16½pc 2008		123	—	125½	101	13.38	12.94

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	36xd	-5/8	38 5/8	20 7/8	15,309	1.6
♥Allegheny & W	243p	+10	385p	218p	128.3	6.9
Amdahl	692pxd	-9	18 1/4	667p	921.2	0.7
Amer Cyanamid	34 3/4	+1/4	42 1/4	25 1/4	3,248	2.4
Amer Express	11 1/8xd	+3/16	17 7/8	9 15/16	9,228	5.1
Amer T & T	21xd	+1/8	24 1/2	15 1/4	27,429	3.5
Ameritech	34 1/2	+5/8	38 7/8	32 1/2	15,185	5.5
BankAmerica	29 3/16xd	+1 1/8	29 3/16	12 3/16	4,988	3.4
Bankers NY	33 [illegible]xd	—	38 [illegible]	20 [illegible]	2,789	6.1
Bell Atlantic	26 1/8xd	+1/2	30 1/2	24 1/4	10,274	5.4
BellSouth	28 1/8	+5/8	31 1/4	25	13,841	5.5
♥Bethlehem Steel	7 1/2xd	+1/16	11 1/4	6 3/16	571.7	3.0
Bowater	1180p	-5	1839p	1042p	429.9	5.7
CPC	48 [illegible]xd	+[illegible]	54 [illegible]	37 11/16	3,888	2.3
California Engy	881p	+5	898p	420p	151.3	—
Campbell Soup h	22 5/8xc	—	25	14 1/8	5,876	1.7
Chase Manhattan	9 3/4	+[illegible]	12 3/4	5 [illegible]	1,325	7.0
Chrysler	6 3/16xd	+[illegible]	9 3/16	5 [illegible]	1,881	5.1
Citicorp	8 5/8xd	+1/4	18 3/8	4 5/8	1,992	—
Colgate-Palm	25 13/16xd	-1/16	26 5/8	21 3/16	3,772	2.3
Cont'l Bank	580p	+7	928p	438p	511.3	6.7
Dana	14 7/8xd	+1/8	21 5/8	13 5/8	611.4	6.0
Data General	877p	-2	1282p	203p	242.0	—
Dial	24 1/8xd	—	25 5/8	12 7/8	987.8	3.2
Dun & Brad	29 7/8	-3/8	38 5/8	20 3/4	5,881	4.1
Eaton	34 1/4	-1/8	40	24 1/4	1,186	3.6
Echlin	7 3/8xd	-1/4	8 1/2	5 1/2	411.9	5.3
FPL	19 [illegible]xd	-1/16	20 1/8	14 [illegible]	3,316	6.9
Fluor	23xd	-1/4	30 [illegible]	17 [illegible]	1,881	1.0
Ford Motor	15 5/8xd	+5/8	23 1/4	13	7,396	3.6
Gen Elect	40 [illegible]xd	+1/4	40 [illegible]	28 [illegible]	35,476	2.8
♥General Host	385p	+25	586p	270p	—	5.2
Gillette	29 3/4xd	-1/2	45 3/4	20 7/8	6,423	1.2
Hasbro	21 1/2	+2	21 1/2	794p	1,232	0.6
Honeywell	34 7/8xd	+1/4	38 1/2	21 3/4	2,432	2.7
Houston Inds	23 1/4	-1/4	23 1/2	17 7/8	2,897	7.2
IBM	48 7/16xd	+1 1/16	72 [illegible]	48	27,712	5.6
Ingersoll-Rand	29 [illegible]xd	-1/16	32 1/2	18 7/16	1,513	2.5
Lockheed	23 3/4xd	-1/4	28 1/8	16 3/8	1,509	4.7
Lowe's	1763p	-58	2155p	1245p	939.3	1.8
Man Hanover ◆	13xd	—	18 7/8	9 1/2	988.6	14.2
Merrill Lynch	33 3/8xd	+1 13/16	33 3/8	10 11/16	3,428	1.7
Morgan (JP)	36 1/4xd	-1/4	38 1/4	21 [illegible]	6,846	3.1
Morris (Philip)	42 3/8xd	—	44 1/4	25 [illegible]	38,468	2.8
NYNEX	43 1/2	+1/2	46 3/4	39	8,823	5.9
♥Pac Agric	28 1/2p	—	89p	15p	—	—
Pall h	15	+1/2	23 [illegible]	14 1/2	877.3	1.6
Pennzoil	30 1/8xd	+1/8	46 1/8	28 1/8	1,217	5.6
Quaker Oats	39 7/8	—	40 1/2	34 7/8	3,049	2.4
Rockwell	14 3/8xd	-3/8	17 3/4	12 1/8	3,293	3.6
Rep NY	25 1/8	+1/8	27 [illegible]	16 1/2	1,387	2.2
Sears, Roebuck	20 [illegible]xd	+1/16	25 [illegible]	12 [illegible]	7,875	5.5
Sthwestern Bell	35xd	+5/8	35	25 5/8	10,494	4.6
Sun Co	16xd	-1/8	20 1/4	14 1/8	1,096	6.4
Tenneco	17 1/4xd	+3/16	27 1/4	14 7/8	2,112	5.2
Texaco	32 13/16xd	+[illegible]	40 1/2	29 [illegible]	8,613	5.5
Texas Instr	17 1/8xd	+1/4	26 1/8	14 1/8	1,400	2.4
Time Warner	48 3/8xd	+1/8	64 1/2	37 7/8	4,328	1.2
TRINOVA	10 3/8xd	-1/8	18 3/8	8 13/16	292.8	3.7
♥Unilab	505p	—	565p	250p	472.8	—
Utd Tech	28 7/16xd	-7/16	29 3/8	22 3/8	3,459	3.6
♥Utilitech	60p	—	82p	42p	—	—
US West	20 5/8	+1/8	23	18 1/4	8,435	5.7
Vardy	715p	+18	1410p	578p	178.4	9.8
Waste Manage	23 1/8xd	+1/2	24 3/16	16 5/8	10,832	1.1
Whirlpool	2804p	+13	2346p	1053p	1,448	3.0
♥Woolworth	14 3/8	+1/4	20 [illegible]	12 3/4	1,875	4.2

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	1 7/8p	—	11p	1 7/8p	—	—
Amer Barrick	1493p	+115	1493p	953p	2,898	0.3
Bk Montreal	20 1/2	+1/4	20 [illegible]	13	2,447	5.6
Bk Nova Scot	1011pxd	+11	1033p	535p	2,032	5.3
♥BC Gas	799p	+99	862p	639p	—	4.1
BCE	22 3/8	+3/8	24	17 1/4	6,925	6.9
♥Brascan	852p	+7	10 1/2	647p	782.7	6.8
♥Breakwater	7 1/2p	-1/2	36p	7 1/2p	4.77	—
Can Imp Bk	1811p	+20	1725p	1180p	2,949	4.4
Can Pacific	848p	+13	11	756p	2,694	0.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

RTZ	490	+14	605	404	4,885	5.3
Young Grp.	108	—	139	108	9.90	6.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

♥ Not officially UK listed; dealings permitted under rule 535(4)(a)

♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

‡‡ Not officially UK listed; dealings permitted under Rule 535(2)

¶ Price at time of suspension

¶ Indicated dividend yield after pending scrip and/or rights issue.

[illegible]

FINANCIAL TIMES
Weekend January 4/January 5 1992

Labour plans radical scheme to regain control of National Grid

By David Owen and Deborah Hargreaves

THE LABOUR party plans sweeping changes to the government's remaining electricity holdings in order to regain control of the National Grid without increasing public spending.

In a policy initiative in the run-up to this year's general election, the party said it was prepared to give up part, or all, of the government's 40 per cent stake in the UK's two electricity generating companies.

The proposals emerged as Labour renewed its attack on electricity privatisation, claiming that it was "a legalised racket". Despite huge profits, customers had been overcharged and executives were being overpaid. There was also an absence of real competition, the party said.

Labour is considering giving part or all of the government's remaining holding in PowerGen and National Power, the electricity generators, to the 12 regional electricity companies of England and Wales, in *return for their shares in the* National Grid.

The combined market capitalisation of the two generators is just over £4.5bn. This does not include the government's stake.

The deal would enable Labour to meet one of its main energy policy objectives without exposing it to Tory accusations of extravagant spending pledges. Labour has promised to renationalise the National Grid "in order that government can play the necessary strategic role in the industry".

Labour is committed to paying a "fair market price" for any equity or other ownership rights it might wish to acquire "in the public interest" in any of the privatised utilities.

The deal would also forge a financial link between the electricity distributors and the generators. The party argues that such vertical integration would promote energy conservation. Under the current structure, distributors are *building power plants to* compete with the generators and have little incentive to encourage more frugal consumption.

The proposed swap is one of a number of options under consideration. Another would be to exchange some of the £2.8bn debt owed to the government by the regional electricity companies for sufficient equity in NGC to reassert state control.

The proposals were greeted with incredulity by many in the electricity industry. "I don't want shares in the generators: I want to see them broken up," said one chairman of a regional electricity company.

The distributors say they are also unlikely to be diverted from their plans for building new power plants since many are already far advanced.

Labour's initiative is also tied to its commitments to the coal industry. The generators must renegotiate their contracts with British Coal by 1993 and Labour is keen to secure a market for domestic coal which is more highly priced than imports.

If elected, the party has said that it would immediately designate all major utilities as "public interest companies" and establish a regulatory commission for each industry, with more powers than the current regulatory bodies.

Meanwhile, Mr Frank Dobson, shadow energy secretary, yesterday projected that the combined annual profits of the 16 electricity companies – including the two generators, NGC and Nuclear Electric – would total more than £3.4bn in the current financial year.

The 12 regional electricity companies were "coining it" at the expense of captive customers, he said, noting that poorer parts of the country tended to have the highest unit charges.

Mr John Wakeham, energy secretary, said the Labour attack was "invalid". He said prices were controlled by a regulator and higher profits were due to increased efficiency.

Israeli action jeopardises resumption of Middle East peace talks

Palestinian negotiators angered by expulsions

By Hugh Carnegy
in Jerusalem

ANGRY Palestinian leaders in the occupied territories yesterday suspended plans to travel to Washington for next week's scheduled resumption of Middle East peace talks in protest over Israel's decision to deport 12 Palestinian activists.

The US was quick to condemn the Israeli action. "We have urged Israel at the highest levels to reconsider and *rescind its decision," said Mr* Richard Boucher, a State Department spokesman. "We believe deportations are a form of retaliation and are not a remedy, nor are they a deterrent to violence."

In Jerusalem a meeting of top Palestinian negotiators, led by Mr Faisal Husseini, stopped short of breaking off the Middle East peace talks, leaving a final decision on whether to attend to the exiled Palestine *Liberation Organisation (PLO)* leadership in Tunis.

Mr Ahmed Abdul Rahman, the PLO's chief spokesman, said in Tunis yesterday that the talks could be in jeopardy unless the US and United Nations acted to force Israel to rescind the deportations.

The British government yesterday said it deplored the deportations as contrary to international law and "particularly provocative at this stage in the peace process".

The US ambassador to Israel, Mr William Brown, also severely severely criticised the move. *He said the expulsions,* along with the allocation in Israel's new budget of additional funds for settlements in the occupied territories, "certainly do not go unnoticed".

Palestinian delegates at yesterday's meeting in Jerusalem, who are the principal Palestinian representatives to the talks, said there was a growing feeling that a recent series of actions by the Israeli government, culminating in the deportations, made their continued participation in the peace process a waste of time.

Mr Sari Nusseibeh, the delegation's chief strategist, said: "The feeling [at yesterday's meeting] was that we can't go on with this decision in the background." Mrs Hanan Ashrawi, spokeswoman for the Palestinian segment of the joint Jordanian/Palestinian team, said: "We cannot negotiate while such conditions prevail."

Mr Nusseibeh said the expulsions, which contravene the 4th Geneva Convention governing conduct by an occupying power, were "the straw that broke the camel's back".

The Palestinian delegation desperately wants some early tangible return from the peace process – such as a freeze on further settlements – to show that the talks are worth pursuing. To date, two rounds of bilateral talks with the Israelis in Madrid and Washington have yielded nothing, in Palestinian eyes.

US officials sought yesterday in a series of contacts with Mr Husseini and his colleagues to persuade them that abandoning the talks would play into the hands of the hardline Israeli government.

TALKS SUSPENDED: Hanan Ashrawi announces the Palestinian decision in Jerusalem

Battle over education intensifies Continued from Page 1

Both parties are endorsing an approach developed in New Zealand by Dame Marie Clay of Auckland University. Her reading recovery programme gives intensive one-to-one tuition to six-year-olds who fall behind in reading.

Despite agreement between Mr Clarke and Mr Straw on how to help children with reading difficulties, any prospect of political accord was lost in claims from each party that it had adopted the idea first, and that the other was trying to spoil the initiative.

Mr Straw had planned to set out Labour's proposals for a similar programme in the UK yesterday, at a fringe meeting at the North of England Conference. His speech included details of a programme to ensure that every child could read by the time he or she left primary school.

Mr Straw pledged to spend £42m on providing teachers and training so that 10 per cent of six-year-olds could benefit. He contrasted the cost with the similar amounts spent on the assisted places scheme to send children from low-income families to independent schools, which Labour says it will end.

The government, however, acted first, releasing details of £3m of grants for reading improvement projects which Mr Tim Eggar, the education minister, had been due to announce next Wednesday. Rumours that Dame Marie Clay would be recruited to run the scheme were denied, but she is expected to act as an adviser during a two-year teaching contract at London University.

Mr Straw accused ministers of a "panic reaction" in bringing forward the announcement to coincide with his speech. He added that the £3m for the programme – less than the government was spending on the parents' charter – showed that this was no more than a "token commitment".

The growing importance of education in the general election battle will be highlighted later today, when Mr Clarke announces plans for a radical shake-up of teacher training.

Recession fails to cool UK passion for pets

By Richard Evans

NOT even the recession, it seems, can deter the British *passion for pets. In fact, the* worse things get the more exotic the pets they want.

News that Ariadne, the poisonous, locust-eating Guatemalan spider was stolen this week from a London house confirms this growing trend.

Regent's Reptiles, the country's largest supplier of snakes, reptiles and a range of creepy-crawlies, has found that far from curtailing trade the economic gloom has often *sent hard-pressed collectors* out for more pets to cheer themselves up.

Mr Steve Parkinson, co-owner of the north London shop, says: "People sometimes trade down a bit, but the specialist collectors continue to buy. They give up something else rather than their hobby."

The shop can offer up to 3,000 species of the most uncuddly pets imaginable, ranging from a hissing cockroach at £5 or a chameleon for £125 to a golden python for up to £2,500.

The bigger pythons cost between £4 and £5 a week to feed with a couple of rabbits or chickens or a piglet.

Mr Dan Reynolds of Surrey Water Gardens and Pet Centre near Guildford also finds that keen pet keepers have not changed their habits because of the recession, but some big purchases, such as an aviary or water display, have been postponed.

The scale of the exotic pet trade is impossible to estimate as no accurate statistics are kept, but it is thought to be growing fast.

At least 180,000 exotic birds a year are imported into the UK, and according to the RSPCA, the number of small mammals, reptiles and amphibians traded each year runs into the hundreds of thousands and tropical fish into millions.

The RSPCA frowns on the keeping of exotic animals as domestic pets. Dr Arthur Lindley, *head of the wildlife* departments, says: "We accept that some can be kept by the right people in the right conditions, but the problems associated with wellbeing of exotics are bound to be more than with normal *domestic* pets."

The trade argues that there is no problem provided the pets are sold through trained dealers who are able to provide a proper after-care service and who vet the suitability of customers.

Harrods, the Knightsbridge department store with a flourishing pets section, goes out of its way to match the pet to the customer and discourages what it regards as unsuitable purchases. One of its best selling lines recently has been pedigree soft-furred rats for £8 each.

One of the problems the pets trade faces is the nature of the legislation covering dangerous and exotic animals, which includes a list of protected and rare species drawn up by the Convention on International Trade in Endangered Species.

Anyone wanting to buy a rare animal has to get a licence from a local authority, but the cost varies enormously. The high cost of the licence also leads to evasion. For example, many collectors chose to run a pet shop from home for a £35 licence rather than pay up to £2,000 to keep individual animals.

THE LEX COLUMN

To buy or not to buy

The equity market will be barely recognisable to fund managers returning to their desks on Monday after a prolonged Christmas holiday. Since they left, the market's gloom has evaporated and the Footsie has risen by some 150 points. The natural inclination, especially since the New Year seems to demand a rally, may be to indulge in a spot of panic buying. All the more so, since the year-end rise in equities has prevented the establishment of a precedent for gilts offering a higher overall annual return. Even at current levels, equities still look undervalued compared with gilts.

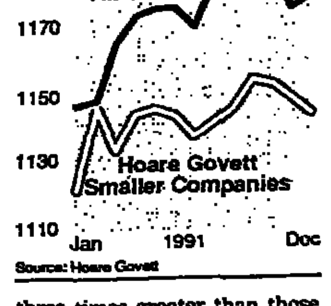
Yet prices have been supported over the past couple of days of thin trading by short-covering in the futures market, which had largely abated by yesterday afternoon, and by the strength of Wall Street, which could still prove to be short-lived. Closer to home the risk remains that a sterling crisis could force the authorities to raise interest rates. Only slightly further down the road lie election jitters and the probability that some large industrial companies will cut their dividends when announcing results for 1991.

The dilemma for the professional investor is whether to plunge in and ride out these storms in the anticipation of economic recovery during the second half of the year. The dangers of missing out on a New Year rally could be considerable, but so are the risks of buying in too early. Much depends on whether the market manages to sustain its present level as trading volume revives over the next few days. It will be a while yet before its direction becomes clear.

FT-SE Index: 2,504.1 (+11.3)

Total returns

Indices rebased, 31.12.1986=1000



Source: Hoare Govett

FNFC

Part of the reason for yesterday's 23 per cent recovery in First National Finance Corporation's shares was that its £34m pre-tax loss was not even worse. The worries, which *prompted FNFC's share price* to collapse by some 85 per cent between its peak last April and the end of the year, have proved unfounded. The company, whose name still brings back unhappy memories of the *secondary banking crisis of the* 1970s, does not look as though it is about to fall victim a second time. It has sufficient undrawn credit to meet debt repayments of £230m this year, and the rate of default by its borrowers has slowed.

That said, new provisions last year were over 7 per cent of the loan book, more than three times greater than those of the clearing banks. With the housing market still depressed, they are likely to come down only slowly, so that a further loss can be expected this year. Though the company is making play on the scope for home improvement lending, there is limited room for organic growth until demand for consumer credit recovers.

At some stage after the recession, earnings should snap sharply back into the black. The conservative valuation of FNFC's loan book may then allow some provisions to be clawed back. On that basis, the shares appear cheap at 37p; even more so against a net asset value – admittedly still falling – of 113p. The trouble is the turnaround will be a long time coming. Meanwhile there is no yield and there are plenty of recovery stocks offering a faster potential return.

Small companies

The London equity market's recent slavishness in following Wall Street has at least one curious gap. The Nasdaq composite index of US small companies rose by 57 per cent last year, more than twice the gain among leading stocks. By contrast, Hoare Govett's index of UK *small* companies recorded a total return of 18.5 per cent, slightly underperforming both the FT-SE and All-Share indices. The index, which measures the bottom 10 per cent of the market by capitalisation, *has now underperformed for* three successive years, a unique sequence in its 35-year history.

Granted, the record books are unlikely to note that only the FT-SE's late upward dash kept the trend intact. It is perhaps also significant that a healthy chunk of the Nasdaq index's outperformance took place in the few December *days after US authorities cut* the discount rate to 3.5 per cent. But the question remains why UK small companies should have been relatively lacklustre.

The delay in UK economic *recovery was mainly to blame,* not least because for some constituents of the index it spelt doom. By the end of the third quarter 35 companies had gone bust out of the 1227 in the index; the full-year figure will *probably be nearer 50. If the* recessionary cycle of the early 1980s is repeated, that figure will be worse again this year. All the same, the economy in the US proved equally sluggish. Investors there, it seems, had sufficient confidence to start discounting recovery rather earlier and to stick with small companies for longer.

Given the widespread acceptance that recovery in the UK will appear at some point this year and accelerate in 1993, it is logical to suggest that small companies will quickly restore their reputation for outperformance. They have higher financial gearing than in 1982, so those which survive and prosper might *hit the* rights issue trail. But if profits in the sector are forging ahead, that should present only a minor inconvenience.

Electricity

Yesterday's attack by the Labour party on the regional electricity companies' interim profit increases was crudely political. It was also ineffective in the narrow sense that the market ignored it. If the RECs' profits are rising sharply now, it is partly because the companies are making good a previous under-estimation of inflation which meant customers were charged less than they might have been in 1990. Equally, mild weather a year ago means the comparison is misleading.

All the same, the RECs will not escape the underlying issue of the appropriate rate of return for regulated utilities, and Labour's intervention was a reminder that a change of government could transform the industry's operating environment. At some stage before *the scheduled 1995 review of* the RECs' price formula, the regulator will have to take a view on returns. Unlike his counterpart in the water industry,there is nothing in his licence to require him to initiate wider discussions now, even though the National Grid is under review this year.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Hochtief	1012	+	31
Philips Kommun	570	+	15
Porsche	567	+	27
Falls			
Hoesch	233	–	10
Lahmeyer	811	–	24
Leifheit	462	–	23
New York ($)			
Rises			
Chrysler	13⅜	+	⅞
Ford	30⅜	+	1⅛
Gap	57½	+	1¾
General Motors	32½	+	1⅝
Falls			
Sears	38⅛	–	½
Wal-Mart	57¾	–	1⅜
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Carrefour	2388	+	88
Cetelem	860	+	25
Imetal	247	+	11.9
Paribas	327.5	+	17.7
Schneider	571	+	21
Falls			
Coparex	620	–	30
Tokyo (Yen)			
Tokyo closed.			
London (Pence)			
Rises			
Carlton Comms	507	+	22
Elect. Data	311	+	24
Expl.Co.Louis	37	+	9
FNFC	37	+	7
Grand Met	898	+	20
Guinness	542	+	23
Proteus	200	+	15
Storehouse	97	+	6
Trafalgar Hse	131	+	9
Utd. Scientific	47	+	4
Whitbread A	450	+	16
Falls			
Brit. Aerospace	291	–	15
Brit. Gas	252	–	13
Laporte	608	–	17
Ratners	22	–	2
Sainsbury (J)	359	–	14
Wellcome	1091	–	34
Wilkes (J)	142	–	9

Gunmen open fire Continued from Page 1

eventually he was dragged out through the broken windows. The incensed mob beat him with their bare hands and trampled him underfoot until he was dead.

A second gunmen was severely beaten, borne away by a near-hysterical crowd chanting the name of the president.

The clash demonstrated both the strength of support that still exists for Mr Gamsakhurdia, and the potential for an escalation of the fighting that has raged in the capital since December 22, when Mr Gamsakhurdia's forces opened fire on a group of opposition demonstrators. It was also a blow to the credibility of an opposition which claims to be fighting in the name of democracy.

An opposition military council, headed by Mr Tengiz Kito*vani, the commander of the* rebel national guards and a former member of Mr Gamsakhurdia's government, and Mr Dzhava Iosseliani, leader of the Knights of Georgia, claims to be in control of the republic.

But Mr Tengiz Sigua, the former prime minister who resigned in August to become an opposition leader, was appointed caretaker prime minister by the committee, and was yesterday attempting to form a temporary council of ministers.

The opposition has also declared its intention to set up a political umbrella body to *include* representatives from all parties, in preparation for new parliamentary elections. The post of president would be abolished. Some opposition deputies described the formation of an alternative government while Mr *Gamsakhurdia* remained in the government building as premature, warning that it could inflame the conflict and lead to a split in the opposition.

WORLDWIDE WEATHER

UK Today: Cloudy with light rain in southern and central regions, but the south-west and South Wales will see heavier rain later, and rain will spread to northern counties. Northern Scotland can expect blustery showers, including some snow showers.
Outlook: Rain in the north; sunnier in the south.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Bordeaux	Fg	2	36	Dallas †	S	2	36	Innsbruck	S	0	32
Algiers	S	16	61	Boulogne	C	7	45	Dublin	R	8	46	Inverness	F	4	39
Amsterdam	F	5	41	Bristol	F	12	54	Dubrovnik		–	–	Isle of Man	R	8	46
Athens	S	15	59	Brussels	C	4	39	Edinburgh	R	5	41	Istanbul	S	7	45
Bahrain	S	16	61	Budapest	S	4	39	Faro	F	14	57	Jersey	S	9	48
Barcelona	C	10	50	Buenos Aires		–	–	Florence	F	8	46	Johannesburg	F	24	75
Belfast	R	6	43	Cairo	F	12	54	Frankfurt	S	3	37	Las Palmas	F	18	64
Belgrade	S	6	43	Cape Town	S	30	86	Geneva	S	-1	30	Leeds	C	12	54
Berlin	S	5	41	Cardiff	C	11	52	Gibraltar	F	16	61	Lisbon	S	9	48
Biarritz	S	14	57	Chicago †	Dr	4	39	Glasgow	R	6	43	Locarno	S	3	37
Birmingham	F	10	50	Cologne	F	3	37	Guernsey	C	9	48	London	C	11	52
Blackpool	F	11	52	Copenhagen	C	7	45	Helsinki	C	7	45	Los Angeles †	F	14	57
Bombay	S	28	82	Corfu	S	12	54	Hong Kong		–	–	Luxembourg	C	-2	28

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	17	63	Nairobi	F	26	79	Prague	S	6	43	Tel Aviv	F	10	50
Madrid	F	9	48	Naples	S	12	54	Reykjavik	Sn	-3	27	Tenerife	S	18	64
Majorca	F	15	59	Nassau		–	–	Rhodes	S	15	59	Tokyo	S	12	54
Malaga	F	16	61	Newcastle	R	12	54	Rio de Janeiro		–	–	Toronto †	C	1	34
Malta	S	14	57	New Delhi	S	19	66	Rome	S	12	54	Tunis	S	13	55
Manchester	C	12	54	New York †	C	6	43	Salzburg	S	4	39	Valencia	S	13	55
Melbourne	C	17	63	Nice	S	10	50	S'Francisco †	S	6	43	Vancouver †	F	4	39
Mexico City		–	–	Nicosia	S	14	57	Seoul	S	1	34	Venice	C	3	37
Miami †	F	17	63	Oporto	F	10	50	Singapore	F	31	88	Vienna	S	10	50
Milan	Fg	-2	28	Oslo	F	8	46	Stockholm	C	9	48	Warsaw	C	5	41
Montreal †	C	-7	19	Paris	C	1	34	Strasbourg	S	5	41	Washington †	F	7	45
Moscow	Sn	0	32	Peking	S	1	34	Sydney	C	23	73	Wellington	S	15	59
Munich	S	9	48	Perth	S	28	82	Tangier	S	16	61	Zurich	S	3	37

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT

SECTION II

Weekend January 4/January 5 1992

Nicholas Woodsworth finds pathos in communism's collapse as he travels with a modern-day white slaver on the Tbilisi-Yerevan express to a brothel

Why Natasha and Irina are up for sale

IT IS mid-day, and in the dismal suburbs of Yerevan, Rosa sits at her kitchen table in a red dressing gown, smoking cigarettes and slowly waking up. By the window, her face plump in the grey autumn light, Natasha begins to work on the pullover she is knitting. She is hungover, keeps missing stitches, and occasionally breaks the silence with muttered Russian curses.

At the end of the tiny kitchen, Anna stands over a mirror placed on the top of the refrigerator. Carefully she applies lipstick, eye-liner, and rouge. Anna is 17 and loves colour, music and anything else that brightens life in this benighted city of the former Soviet Union.

Don't I think, she asks me in broken English as she gazes intently in the mirror, that most Armenian women are dull and dowdy?

I find myself unable to reply. I murmur non-commitally, and continue to sip tea. Somewhere along the way in the last few days I have lost any feeling for the criteria normally used to judge people. These are, after all, peculiar times.

Not long ago the Soviet Union was known as one of the most controlled, monitored, and regulated societies in the world. Now, even here in traditional, conservative Armenia, isolated by the Caucasus and far from the main theatres of change, revolution has stood everything on its head.

Political and economic structures have collapsed. Ideological guidelines have disappeared. Communism has failed. Capitalism has yet to get off the ground. In this limbo none of the old rules, or any rules at all, seem to pertain, except one: if the system does not work, work the system. Like the streets of Moscow, Odessa or Tashkent, the streets of Yerevan have become schools of hustle, scam and the wilder extremes of free market philosophy.

Are most Armenian women dull and dowdy? I cannot say, any more than I can say if these three women lounging away the morning in *déshabillé* are, in their practise of prostitution, vulgar or immoral. For them morality or immorality is beside the point; what counts is simply getting by.

□□□

My intrusion into the lives of Rosa, Natasha and Anna was not a calculated one. It began, as many irregular things begin, with a train journey. The night train to Armenia from neighbouring Georgia is not well organised. There is not a single light on the main platform of Navtlugi Station in Tbilisi. Trains leave at irregular hours from platforms announced at the last second. Conductors remain indifferent to the fate of their charges.

The Tbilisi-Yerevan express seems symbolic of the whole juddering ride of eastern Europe into the western world. Half an hour after we pulled out of Tbilisi, I was still wandering dim, crowded corridors, looking for a carriage and compartment that turned out not to exist.

What I did find, however, was a squat, ugly, powerfully-built Armenian named Aram. Aram had a large white smile and a lot of gold rings on his fingers. He was proud of his second-hand knowledge of England. He stopped me in the corridor, and we chatted about Big Ben for a while. Then, after a short silence, he told me he was not travelling alone.

"Two girls I have with me", he said with an air of self-congratulation. "That's nice. Are they little girls?", I responded, thinking him merely one more proud father. "No", he replied with his widest smile and appropriate wide-palmed gestures over his chest. "They are big girls."

In Aram's tiny, overheated train compartment I met Gala and Irina. Gala, a tall redhead in her late teens, was decked out in skimpy cotton pyjamas. Irina, heavier-set and a little older, was dressed in a good deal less, and struggled into a track suit as introductions were made. Neither women were great beauties, but both had a youthful freshness. As the train rattled through the night we brewed thick black Turkish coffee, drank Georgian brandy, chain-smoked an endless supply of Aram's American cigarettes, and made small talk.

"I am not interest money, I am not interest politics," Aram explained through a heavy tobacco fug. "I am interest only love." He smiled at Gala and gave her a quick tweak on the bottom. She smiled back. But Aram's interest in love, it turned out, was not on the lines of simple boy-meets-girl romance. Aram, in fact, was a modern-day white slaver, and was running Irina and Gala down to Armenia from their home in the Ural mountains.

These were not hardened pros. Like a large and growing number of young women in the former Communist states, they were pushed into prostitution by a lack of any other livelihood. In the Urals, they had been just two more mouths to feed; in Yerevan, they would be exotic, light-complexioned objects of attraction, and make themselves and their procurer a livelihood. When they had had enough and made sufficient money, they said, they would head back to their homes and a more normal life.

In the meantime, Aram was finding them a distraction from a long and boring trip. Perhaps I, too, he inquired hospitably, would enjoy a little distraction? It would cost only 30 roubles an hour, about 95 US cents at today's exchange rate, surely an honest price for a friend. He indicated the compartment's narrow upper bunk.

What does this signify, a country which was part of a global superpower, that put men into space and proclaimed 70 years of struggle for human dignity, offering up its youth for the price of a bag of crisps? I looked around the tiny room, not more than four by six feet square, and at the faces of Gala and Irina, lively with talk and brandy. Before I had time to reflect on the meaning of it all, there was a timely knock at the door. Irritably assigning me a new compartment, a ticket collector brought the evening to a rapid halt.

But Aram had offered me more than just an hour with Gala and Irina; before I left he also offered me a place to stay in Yerevan. For a small introductory fee, he said, he would take me to a friend of his, someone who would welcome extra dollars in exchange for a few night's stay. What he did not tell me was that his friend was a madam running a call-girl business.

□□□

Rosa, when I meet her, is a middle-aged woman with a tired face and kind eyes. Once she was pretty, but has let herself go. She smokes incessantly, drinks too much, and has put on too much weight. There are times when she is bright and animated, others when she sits despondently in the kitchen, her face drained and vacant.

It does not take long to get to know her; she is friendly, intelligent, and warm-hearted. She is also frank about her business; it is, she says, the only way she and her daughter Anna have been able to survive.

Rosa is well educated. Divorced, she has a degree in Slavonic studies from the University of Yerevan, and worked for 15 years as an office manager in a state-owned electronics firm. Her salary was 450 roubles, a sum that each month allowed her to make less than two week's worth of essential household purchases.

Arranging sexual contacts is not making Rosa rich, but it gets her through the month. Many of her clients, functionaries in state factories and marketing networks, pay her in commodities much more appreciated than roubles – sugar, coffee, eggs, meat, soap and other items unavailable in the shops can be found in Rosa's kitchen.

But without leaving her cramped studio flat, where day couches and collapsible cots make up accommodation for us all, I can see that life on the whole remains what it has long been – a dull exercise in cynicism, futility and resignation. Things, in fact, are even worse now than they were before.

The room in which we live remains dark for most of the day; after Armenia's declaration of independence from the Soviet Union, oil imports for power generation were cut. Gas for cooking and heating in these suburbs is fast running out, too, and will be gone before mid-winter. If it were not for Rosa's business, we would be living, as most people are, simply on fruits and vegetables harvested this autumn – soon these will run out. There is nothing to buy in the shops and housing is appalling. From the window I can see endless rows of apartment blocks stretching away to the horizon – they are so uniformly dingy, dilapidated and overcrowded that the suburb is known locally as Bangladesh.

"In Armenia," Rosa tells me one afternoon between telephone calls and the comings and goings of grotesquely made-up women, "everything is a problem. Food. Clothing. Transport. Heating. Electricity. All are problems. But sex, sex is no problem."

Indeed, the one import that still seems to be in steady supply from Russia is young women. Thus the presence of Gala and Irina on the train, and of plump, fair-haired lodger Natasha in Rosa's flat. Armenian men, it seems, prefer blondes. And Russian prostitutes, according to Rosa, offer the additional advantage of being less fussy. "Armenian girls want presents, expensive dinners, and American dollars," she says. "Russian girls are happy with vodka and roubles."

For her daughter Anna, Rosa wants much more than presents or dinners – she wants to get Anna out of Armenia and living with distant relatives in Paris. For this she is saving every rouble she can to exchange for black market dollars. "Isn't immigration to the west very difficult?", I ask. "Not as difficult as staying here and living as I do." Rosa replies grimly.

For the moment Anna is nothing like her mother – she is friendly with the girls who work for Rosa, but does not share or want their life. She believes in another future. She wants to study computer programming, have money to buy fashionable clothes, and live somewhere where the halls do not stink of boiled cabbage.

A couple of days after I arrive Anna and I escape the telephone calls and Natasha's fish-net stockings hanging over the broken bathroom radiator, and indulge in one of her favourite pastimes – going to church.

It is not that Anna is overly religious, but in this Soviet-designed city of vast stone ministries and oppressive monumental statuary, there are few other places quite as appealing. Off Mashtots Avenue, we enter a dark and ancient orthodox church smelling of incense and candles. Anna crosses herself and we each light half a dozen thin wax tapers. We place them, besides scores of others, in front of a brass-bound triptych and richly-coloured oil paintings of the Virgin Mary. Suffused in the rich golden glow of candlelight, Anna's face, for just a moment, mirrors the contented faces in the images before her.

□□□

One afternoon Rosa and Natasha, dressed and made up, told me to get my jacket on; they had a surprise, they said. Outside in the street a driver and battered black car were waiting, and in we piled. We cruised through the city, picking up women at shabby tenements here and there until the car was jammed and reeking of perfume.

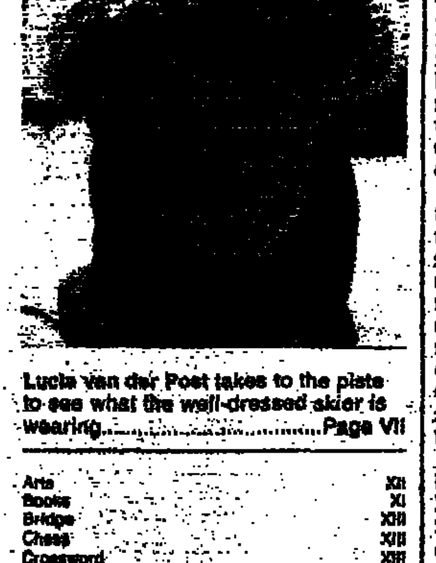
We entered an industrial zone, a wasteland of crumbling breeze block hangars and rusted-out trucks, and stopped outside an office. Three evil-looking men, all whiskers, cheap baggy suits and gold teeth, climbed into another beat-up black car and followed us. We repeated the process a number of times, until four black cars were on our tail. The cortège rolled out into the arid and rocky Armenian countryside, the girls chatting, Rosa enjoying my mystification.

After an hour's drive through desolate, denuded hills, we arrived at Lake Sevan. In official tourist guidebooks the lake is known as the Jewel of Armenia, in the annals of Soviet hydro-electric power generation as an ecological disaster – constant drainage over the decades has almost destroyed it. Nonetheless, it is still a place to which Armenians repair for recreation.

Recreation is what we came for, too. The evil men with gold teeth turned out to be managersof a state food co-operative, friends of Rosa. They had arranged a banquet at one of the lakeside hotels, but this was not really the main programme of the day. Within no time, polite toasts over pickled peppers, kebabs and Lake Sevan trout had turned

■ Continued on Page VI

CONTENTS



The Long View/**Barry Riley**

Voting against inflation

WILL index-linked gilts prove to be the surprise winners among investments in 1992? To judge by the wave of devaluation talk over Christmas and the New Year you could be forgiven for thinking so.

There is an inclination to blame the Germans, and more specifically the Bundesbank, for behaving irresponsibly in the middle of a global recession. But the Bundesbank is just about the last defender in the world of honest money, and at times like this the cost of preserving the value of a currency can become painfully obvious. In any case, Britain's inflation is a British problem. Underlying inflation is still between 5½ and 6 per cent, and pay inflation continues to run at some 7½ per cent. Since the UK became a full participant in the European Monetary System 15 months ago British pay rates have risen by some 10 per cent in spite of the recession and the rapid growth of unemployment. The UK is plainly drifting towards a currency crisis created by itself, not the Germans.

Another manifestation has been in the continued excess of demand relative to the British economy's ability to supply. Forget the misleading squeals of the retailers, the fact is that at the national level imports still exceed exports, even in the depths of a serious recession. Any period of sustained economic growth at the current exchange rate will inevitably lead straight to an unmanageably large trade deficit.

Devaluation is a means of restoring a balance, at least temporarily. Externally it can be seen as a cut in real wages, so that exporters become competitive again, and demand for imports is reduced. Internally, however, the mechanism is more complicated. Inflation has the effect of pricing overpaid workers back into their jobs, so that they are not required to accept humiliating cuts in nominal pay; but inflation also tends to damage investors, most obviously by reducing the purchasing power of bank deposits, but also in other ways, such as by making it difficult for companies to earn profits large enough to replace their stocks and physical capital at updated prices, a problem which hits share prices. At the same time, inflation helps borrowers to evade their full commitments.

When the vulnerable groups in society, such as investors and pensioners, are unprotected against inflation a comparatively small change in prices may be enough to achieve the required shift in wealth. But when they are well-prepared, through ownership of inflation-proof assets or the benefit of index-linked pensions, the inflation may need to be much more rapid. Ultimately you arrive at Latin American-style hyperinflation, although in the UK bursts of inflation of around 20-25 per cent, in the early 1920s and the 1970s, and again at the beginning of the 1980s, have been enough to solve the worst problems.

As I have said before in this column, the UK approached the challenge of the European Community's exchange rate mechanism the wrong way round. We should have aligned the economy first, reducing monetary growth and inflation over a period, and then joined at a stable long-term exchange rate. However, I am conscious of being vulnerable to charges of political *naïveté*, because without a tough external constraint the necessary measures could never in practice be imposed. So John Major as Chancellor in 1990 did it in reverse. The once-famous "Madrid conditions" were ignored. As a pragmatic politician he entered the ERM with UK inflation over 10 per cent precisely as a means of bringing prices under control. But the contradiction remains. If the country did not have the political gumption to solve its own inflation problem will it have the determination to remain within the ERM when the going gets really tough?

In their New Year messages we have been able to observe John Major and Norman Lamont still wriggling with embarrassment over the economic "recovery", which Lamont continues to claim will be gathering momentum over the coming months. It would have been much better to say there can, and *should*, be no recovery until pay inflation has collapsed: no more than 4 to 5 per cent is tolerable even in normal conditions, and in the present recession 2 to 3 per cent must be the target.

Unfortunately, this kind of battle can be faced only by an administration that has just won an election, not by one that must face the country within the next six months. Low inflation is one of the government's chief policy objectives, and quite rightly so; but there seems to be great nervousness over whether it will win many votes. Norman Lamont's remark some months ago that high unemployment is a price well worth paying in order to achieve low inflation is still being used against him; it appears to have been too brutally honest for widespread public consumption, which is not a good sign.

But it is no use just relying on the Bundesbank to beat British inflation. The government will come to regret its failure to encourage a quicker adjustment in the labour market. As for the asset markets, the crisis in property was inevitable, but surely should have been presented as a necessary step towards affordability in housing, not as some sort of emergency to be solved in 48 hours just before Christmas.

It will take a brilliant exercise in political leadership if the transition to low inflation now being attempted is to be accomplished successfully; the mumbled apologies, deceptions and excuses now being put about by leading ministers do not inspire much confidence. I am not a devaluationist, but the pound sterling cannot be saved on the basis of minority support.

At any rate, during the past week or two the London stock market has been influenced more by New York's cheap money and devaluation boom than by the expectation of a harsh domestic struggle. In the event gilt-edged securities did not manage to achieve a higher annual rate of return than UK equities, which gained 5½ per cent in the final four trading days of the year.

Index-linked gilts were the dullards of 1991, as inflation came tumbling down and real interest rates stayed high. But they could still be a valuable part of a portfolio for 1992.

London Markets

Thoughts of a fund manager

AS THE last chimes of midnight died away on Tuesday night, professional fund managers must have breathed a sigh of relief. The FT-SE index had risen 6 per cent over the Christmas period, chalking up half that gain on New Year's Eve. Those fund managers who had stayed in equities in the autumn, shrugging off the market's wave of pessimism, were relieved of nearly half the penalty of loyalty: FT-SE ended 1991 only 7 per cent below its September peak.

However, the London market's surge – from 2345.4 on the FT-SE on December 23 to 2504.1 yesterday – took place on very low volume. Market-makers set their price quotations in the light of New York's strong performance during the period, rather than on the basis of any real supply and demand pressures in London. As the chart shows, movements in New York were faithfully echoed in London a day later: when New York soared ahead, London followed at a slightly more modest pace; when New York eased, as in the closing days of this week, London backed off too.

The question that awaits Monday's trading, therefore, is simple: will fund managers buy at these prices? If institutional investors decide that the end-year run-up was simply an unexpected bonus, but not a true guide to the London market's value, then prices will drop back down again. If they decide today's prices are more realistic than those of only two weeks ago, then they will be willing to continue buying, in self-fulfilling anticipation of the traditional January surge.

Fund mangers' bath-time thoughts are always relevant to the private investor, because institutions are the dominant influence on UK share prices. But they are particularly relevant now, after a rally as precariously based as the one we have seen over Christmas.

Here's a summary of the views of one successful fund manager, pondering some of these issues yesterday:

■ Is the market overvalued? No: shares are now close to fair value, having looked very cheap a couple of weaks ago. By international standards, London still looks cheap, especially by comparison with New York. The uncertainties of the year ahead – an election, the uncertain start to economic recovery and so on – are fully reflected in share prices.

■ Is the latest rally over? Probably not. London usually tracks New York closely, and earlier this week there was quite a gap between the two as US share prices accelerated ahead. The gap is now partly closed, but there is some way to go before it is eliminated.

■ Is the election a worry? Yes, but not because Labour may win. In fact, a Labour victory might not be a bad thing (though it would probably lead to the market trading at a slightly lower multiple of earnings). The market would be much more concerned, however, by a hung parliament: that would really be a worry.

■ What other factors are at work? German interest rates: but they may be a positive, rather than a negative influence in the months ahead. The moment will soon come when the market starts looking for German interest rates to come down. Once the market gets a whiff that that might happen soon, it will go higher.

■ Will there be another surge of rights issues? Yes, probably starting towards the end of January. Badly handled issues, as in the autumn, will stop the market dead for a while. But perhaps companies and their advisers will have learnt a lesson from last year. There will also be a steady flow of other calls on cash, such as payments for previous privatisation issues, but institutional inflows of funds remain healthy. At some point there will be a surge of cash from abroad as international investors start to take advantage of the UK market's relative cheapness.

■ Which sectors will do best? Sometime this year, the recovery stocks, especially capital goods, will at last start to outperform the defensive stocks, such as the drug companies and other members of the Health and Household sector of the FT-Actuaries index. However, it may be anything up to six months before the shift happens, because there is still more bad news to come from the capital goods companies in the early part of the year.

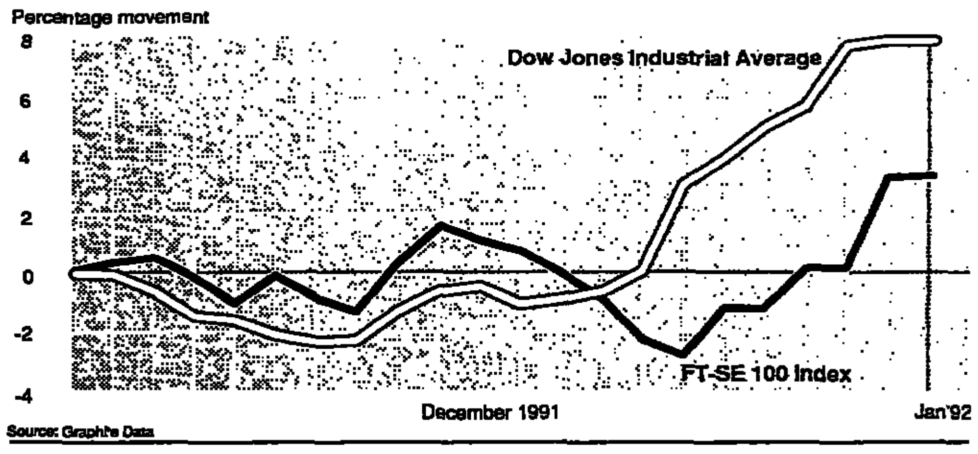
■ Will equities continue to outperform gilts? Yes, though the gap has narrowed. UK quoted companies have provided real dividend growth of 2 per cent a year for the past 20 years, and that is likely to continue.

Those views, drawn from one fund manager, are probably representative of the mainstream view in the professional investing community. What could upset this generally favourable set of prospects? The biggest likely spanner in the works would be a long delay before German interest rates come down – or, worse still, a further rise.

Much therefore hangs on the outcome of the German pay round, now getting under way. Claims already made are for wage rises of around 10 per cent, compared with last year's 7 per cent. The chances are that the final outcome will be increases of around 5 per cent, but getting there will be hard. There is unlikely to be any good news on German interest rates until the Bundesbank is convinced that settlements will be sensible. So UK investors will spend the next few months hoping for moderation on the part of German trade-union officials. Welcome to the new Europe!

Peter Martin

Where New York leads, London follows



Source: Graphite Data

HOW SHARES HAVE MOVED

The following table shows the percentage movement in the FT 30-share index and its constituents during 1991. The FT-SE 100 index is also shown.

	Price on Dec. 31	% change on year	1991 High	1991 Low		Price on Dec. 31	% change on year	1991 High	1991 Low
FT Ord index	1891.6	+13	2105.3	1606.3	GEC	200	+17.6	222	166
ASDA	24½	-66.2*	123	26	Glaxo	883	+101*	873	400
Allied-Lyons	619	+28.7	662	460	Grand Met	882	+30.7	884½	623
BICC	303	-8.5	475	294	Guinness	606	+33.6*	636	356½
BOC	610	+25.8	625	468	Hanson	200	+8.1	249½	179
BTR	399	+24.3	439½	289½	ICI	1210	+39.7	1381	845
Blue Circle Inds	219	n/c	266	193	Lucas Inds.	115	-21.2	173	104
Boots	429	+34	445	304	Marks & Spencer	278½	+24.9	301	213½
British Airways	232	+62.2	233	122	NatWest Bank	277	+3.7	357½	246
British Gas	265	+17.8	294½	216	P & O	428	-15.2*	598½	392
BP	293	-12.3	361	269	Reuters Hldgs.†	1033	+46.9	1040	673
British Telecom	328½	+15.7	423½	268	Royal Insce	240	-38.9	491	216
Cadbury Schw.	431	+38.1	440	314	SmKl. Beecham A	896	+41.5	897	589
Courtaulds	505	+55	507	300	Tate & Lyle	401	+46.3	409	263
Forte	233	-4.9	302	206	Thorn EMI	742	+9.6	828	608
GKN	296	-10.0	396	268	FT-SE 100	2493.1	+16.3	2679.6	2054.8

Adjusted for capital change. † Replaced Hawker Siddeley 25/11/91.

Serious Money

The end is not yet nigh for investors

By Philip Coggan, Personal Finance Editor

GLOOM, GLOOM, all around is gloom. It was hard to enjoy Christmas while one economic pundit after another popped up in the media to pronounce, like Private Fraser in "Dad's Army", "We're all doomed!"

Sages have predicted a worldwide slump to rival the 1930s, with financial crises bringing down many a famous corporate name. The pound will be under pressure, interest rates could go up, and the price of houses will continue to fall. No one has yet forecast a plague of boils but it cannot be long before they do.

Savers naturally are worried. Some have even suggested that the traditional "safe havens" in troubled times – banks and building societies – are not as secure as they used to be.

But how much notice should savers take of all this pessimism? As a rule, journalists love bad news, and financial journalists are no exception. The collapse of a corporate empire such as Robert Maxwell's is always likely to generate more column inches than the success of, say, Glaxo. A 100 point fall in the FT-SE 100 makes better copy than a 100 point rise.

Readers can therefore dismiss some of the catastrophe stories being printed as the natural journalistic relish for crisis. There may also be a psychological reason or two behind the gloom spread by economists and stock market analysts.

Normally, it pays a forecaster to be reasonably optimistic. Economies grow, more years than not, and stock markets rise, more years than they fall. In the 1980s, analysts got used to seeing companies produce 20 per cent per year earnings per share growth. The tendency to extrapolate from past trends, plus the natural enthusiasm for the companies they follow, meant that sector analysts were slow to see the effect of higher interest rates and the recession on corporate profits.

Over the last couple of years, therefore, the trend has been for analysts to be initially over-optimistic in their forecasts for profits growth – and then be forced to indulge in a round of downgradings. That process has just occurred in respect of 1992 profits expectations.

Economists were never quite as bullish as the sector analysts, but even they, given the natural bias of the City, had a tendency to take the Panglossian view that free markets would ensure that all would be for the best. They, too, have been cutting their forecasts for economic growth in 1992.

In short, the recent bout of pessimism is in part a reaction to the over-optimism that went before it. This is not to say that the world economy does not face enormous problems; just that the average saver needs to keep a sense of proportion.

> *In the long run, savers will not prosper by investing solely in deposits*

Take the stock market. Those who bought shares or unit trusts back in 1986 or 1987 learnt to their cost the penalties of buying at the top of the market. Now they must learn the benefits of buying near the bottom.

One need not get too carried away by the 73 point one-day rise in the FT-SE 100 index. It was achieved on thin volume and could easily be reversed (and more) by a run on the pound. Nevertheless, statistics show that when the stock market yields more than 5 per cent it is a good time to buy shares. The profits will not come instantly; the wisdom of the purchase will only be proved over three or five years. But such a strategy has been successful even during crises such as the 1930s depression and the 1974 oil shock.

It is, admittedly, tempting to fight shy of shares at the moment. With interest rates on some accounts at 11 per cent or more, and inflation at 4 per cent, the real returns to savers of 7 per cent are very high by historical standards.

Those worried about the stability of individual financial institutions should not invest more than the deposit protection scheme limit of £20,000 with any one group. It may mean giving up the 0.5 of a percentage point or so offered on higher sums, but it will be worth it for peace of mind.

In the long run, savers will not prosper by investing solely in deposits. Real rates of 7 per cent cannot be sustained for ever without driving the economy into penury. For what might happen, one need only look at the US where savers are being offered rates of a measly 4-5 per cent – their search for better returns elsewhere is part of the reason for the recent strength of Wall Street.

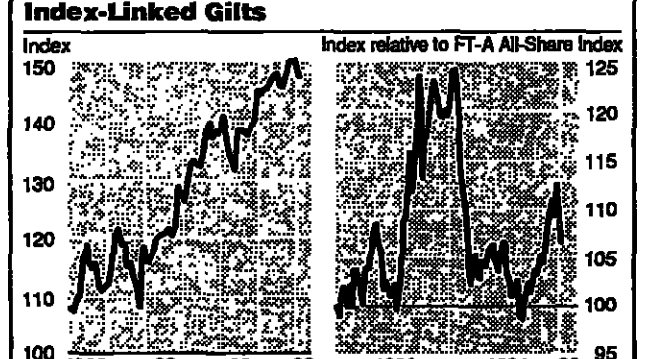
Prudent investors should therefore be shifting part of their funds out of deposits before interest rates fall. Given the risk of further individual corporate calamities, any purchase of equities should be done though the vehicle of a unit or investment trust.

But for those who, whatever the rationale, simply cannot face the risks of equity investment, there are alternatives. If interest rates are set to fall, the 8.5 per cent tax-free on offer from National Savings (the equivalent of 14.17 per cent for higher rate taxpayers) looks highly attractive. And gilts, which currently yield around 10 per cent, should show capital gains if interest rates fall – although the rise may be limited by the widening government deficit.

In other words, savers should not despair. Universal gloom does not eliminate investment opportunities; indeed, to some extent, it creates them. As Corporal Jones would say in response to Private Fraser, "Don't panic".

AT A GLANCE

Index-Linked Gilts



Source: Datastream

Gilts prove their worth in the long term

Index-linked gilts have proved reliable friends for investors over the last couple of turbulent years for stock markets. As the left hand graph shows, the normal pattern for index-linked gilts is steady growth over the long term. Occasionally, this means that the index-linked tortoise can beat the equity hare, as shown by the right hand graph. Private investors should also remember that a large part of the return on index-linked is tax-free, and that it is easier to construct a representative portfolio of index-linked than it is to put together an equity portfolio that matches the All-Share index.

House prices fall further

House prices fell by an average 1.2 per cent in December, according to the Nationwide monthly house price index. The fall compares with a 1 per cent rise in the November index. Over the past year, house prices have fallen by 2.2 per cent. The average house sold in December cost £56,626 compared with £57,479 a year earlier and £59,272 in June 1991.

TSB cuts overdraft rates

TSB has cut its interest rates on personal customer current account overdrafts from January 1. All the main TSB current accounts will now carry the same interest rate on overdrafts: 1.75 per cent month for authorised overdrafts and 2.5 per cent on unauthorised overdrafts. In both cases, rates have been cut by 0.1 percentage points a month. The effective annual rates vary slightly for each account, ranging from 23.1 per cent to 22.7 per cent on interest cheque and cheque accounts and 34.4 to 33.5 per cent on high interest cheque and Interest Plus cheque accounts.

Double PEP launch by Fidelity

Fidelity has launched two new Personal Equity Plans. The European Growth PEP will invest £3,000 in a mixture of the company's European unit trust and the recently-launched European Values Investment Trust. The remaining £3,000 will be invested in around 10 shares, with a European bias. The initial charge is 5.25 per cent (with a 1 per cent discount on PEPs opened before April 5) and the annual charge is 1.5 per cent. The group is also offering a single company PEP, where £3,000 will be invested in a single share chosen by Fidelity. The initial charge is 3 per cent; annual charge 1 per cent.

Fixed rate mortgage offers

New fixed rate mortgages continue to be offered. Barclays has launched fixed rate mortgages for two, three, and five years at 10.8 per cent (APR 11.4 per cent for endowment/pension and 11.6 per cent repayment). An application fee of £150 is waived if the customer arranges an endowment, pension or mortgage protection policy through Barclays. Early redemption penalties vary between two and five months' interest.

Abbey National is offering a three year rate of 10.55 per cent (APR 12.10 per cent) with an administration fee of £135 and a 90 day redemption charge. Its five year fixed rate is 10.80 per cent (APR 12.10 per cent) with a charge of £195 and redemption penalties of 150 days interest till April 1993, declining thereafter.

Leeds Permanent is offering mortgages at 11.25 per cent (11.9 per cent APR) for 20 to 25 years. A second mortgage is fixed at 10.6 per cent (11.9 per cent APR) for three, four, or five years. The loans are portable and available for repayment mortgages. Customers must buy two insurance products if no new life policy is taken out. Early redemption penalties vary between one and six months' interest.

Wall Street

Bulls cheer the 'January effect'

WALL STREET ended 1991 as it began it – with a sudden and remarkable upward surge in US stock markets. The rally which started just before the Christmas holiday was sustained right the way through to 1992, with the Dow Jones Industrial Average rising by nearly 9 per cent between December 19 and New Year's Eve, from 2914.36 to a new record of 3168.83. While the momentum of the advance has slowed this week, the Dow still managed small advances on Thursday and Friday morning.

The remarkable about-turn in market sentiment from pre-Christmas gloom was reminiscent of the Dow's sudden upward charge last January on the outbreak of the Gulf War, when it became clear that Western technological superiority would make that conflict brief.

But the reason for the year-end rally was utterly different. The Federal Reserve's one percentage point cut in the discount rate on December 20 transformed investor sentiment for the better – and fund managers did not want to be left behind in the rush into equities. The result was a 1991 gain in the Dow of 535.17 points, or 20.3 per cent, while the broader Standard & Poors 500 index was up 86.87 points, or 26 per cent.

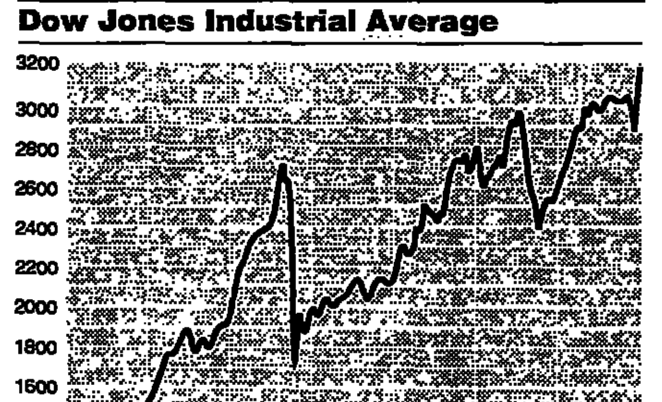
Smaller stocks,which often perform better than large capitalisation companies when coming out of recession, did even better, with the Nasdaq Composite Index ending the year with a gain of 212.5 points, or 56.8 per cent.

The question now is whether the upward momentum can continue, or whether December's rally has simply anticipated the "January effect" – the historic propensity for stock markets to post strong advances in the early months of the year.

The bull case is that the Fed's aggressive easing demonstrates that the central bank is prepared to do whatever it takes to get the flagging economy moving. The Wall Street consensus is that by the middle of the year the economy will be expanding, albeit at a more modest pace than after most post-war recessions.

Throw in a mildly stimulative economic package at the end of this month from the White House, plus the probability that George Bush will be re-elected in November's presidential election, and the stage could be set – say the bulls – for a prolonged period of rising equity prices, interspersed with modest corrections.

Dow Jones Industrial Average



The most optimistic analysts believe 1992 could see stock market gains rivalling those of the past year – up to 15 or 20 per cent on the Dow, carrying it towards 4,000.

A dwindling band of Cassandras, many of them technical analysts, believe this is a fool's rally and the stage is merely being set for a plunge in the Dow towards 2,600 as the US enters a severe "double dip" recession.

A majority of Wall Street's pundits is probably cautiously optimistic, fully expecting an economic recovery but concerned that, as in the early months of 1991, the market is in danger of getting ahead of itself, anticipating too much good news.

Certainly, the news of the past week has been mixed and shows little economic or corporate evidence of an early recovery.

The National Association of Purchasing Managers Index fell below 50 per cent in December for the first time in six months – indicating a contracting manufacturing base.

True, figures for sales of existing houses showed a 5.7 per cent year-on-year gain in November, showing that low interest rates are starting to get that market moving. Yet any strong recovery in housing and other key sectors, such as automobiles, will be dependent on an improvement in consumer sentiment, and the much-followed confidence index produced by the Conference Board was virtually unchanged in December from November's insipid reading. Yet that in itself may be mildly encouraging, since it suggests that confidence may at least have touched bottom.

Sluggish Christmas sales claimed a large corporate victim this week when Zales, the largest jewellery retail chain in the US, announced that it was closing 400 of its 2,000 outlets and stopping payments to its creditors as part of a financial restructuring which, many analysts believe, will involve a passage through the bankruptcy courts.

Zales, which was acquired in 1986 by a Canadian company, Peoples Jewellers, and Swarovski International of Switzerland, had been ailing financially for months and sent early warning signals of its problems in early December when it missed an interest payment. The company forecast that good Christmas sales would enable it to meet the payment before a grace period ended last Thursday.

In the event, Christmas sales were awful – down more than 10 per cent on 1990 – prompting this week's drastic action. But Zales may be just the first in a string of retailers – some large, but many small – finally driven to the brink of bankruptcy by this singularly unfestive, festive season.

Monday	3163.91	+ 68.39
Tuesday	3168.83	+ 4.92
Wednesday	Closed	
Thursday	3172.41	+ 3.58

Martin Dickson

The Bottom Line

Market remains addicted to Wellcome magic

THERE SEEMS to be something magical about the Wellcome share price. It was the best Footsie performer in 1991, has had four record highs since Christmas and is the highest rated stock among the big pharmaceutical companies. If you had invested £1,000 at the company's flotation in 1986, your holding would now be worth more than £9,000, even after the share price weakness yesterday.

The sharpest gain has come since Christmas. It was triggered by evidence from research scientists that the company's Aids drug Retrovir was even more effective when used in combination with other drugs. To put icing on the cake, one of those other drugs, Zovirax, is made by Wellcome.

Wellcome has been keen to play down the significance of the research findings. While the shares leapt in recent days, Wellcome described the results of the research simply as "interesting". Yesterday's fall in the shares was partly the result of the company's own cautious comments.

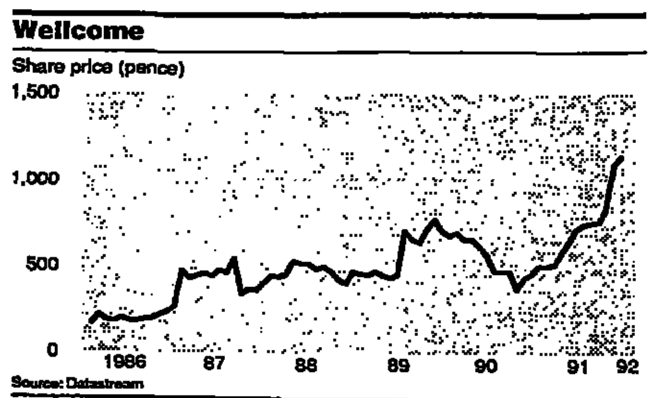
Such conservatism only reinforces the City's admiration for the company. "Wellcome does everything by the rulebook", says Jonathan de Pass of broker BZW. "The standard of disclosure has been tremendously high. You just smell quality."

Wellcome's reputation has also been built upon bold but measured management and two strong products. The latest generation of top management is still new to the job. John Robb, the chief executive who joined in 1990 from SmithKline Beecham, is "a strong marketing man", according to Martin Hall of securities house UBS Phillips & Drew.

John Precious, the finance director, joined at the same time from Tioxide, the chemicals company owned by ICI. His presence has seen tighter money management: "Disposals of non-core business have freed working capital and management time," says de Pass.

The two star drugs are AZT and acyclovir, better known by their trade names of Retrovir and Zovirax. One advantage they have is that they are effective against viruses.

Wellcome



Source: Datastream

This is significant because antiviral drugs are rare. Since the discovery of penicillin, the pharmacologists have seen their greatest successes in defeating bacteria, rather than viruses. Even in 1992, dealing with everyday viral infections such as influenza is a hit and miss affair.

Of the two drugs, Retrovir is the more famous. Until a few months ago, it was the only approved treatment for Aids in US. Even now that US doctors can consider another drug, DDI from US company Bristol Myers Squibb, Retrovir remains the first line of defence against the disease. Since the launch of Retrovir in 1987, share buyers have been inspired by the prospect of millions of chronic users of an expensive drug. This is what has moved the shares since Christmas.

By the same token, fears that rival treatments would take Retrovir's market away have occasionally caused sharp falls in the share price.

Out of the limelight Zovirax has been a much bigger contributor to Wellcome's success. While political lobbying over Aids in the US cut the price of a year's supply of Retrovir from $8,234 at launch to $2,200 (£1,208.70) now, Zovirax has faced no such pressures.

The bottom line shows what this means. In the year to August 1991, Zovirax sales rose 26 per cent to £471m while Retrovir's improved only 4 per cent to £177m. Zovirax has no serious rivals and Wellcome estimates that it has more than 80 per cent of the herpes treatment market.

So the rising share price trick is no sleight of hand. And it needed no flamboyant chief executive with a penchant for adventurous accounting.

That said, the statistics for 1991 are slightly flattering. The shares fell in 1990 as profits failed to come up to expectations. "So the 1991 share price performance was a recovery from a low base," says Hall.

There are also doubts over the importance of the research data released this week. "These results are pretty inconclusive and the trials need to be followed a lot longer," says Hall. The news received wide publicity at a quiet time of year, exaggerating the effect on the shares. "The market has always tended to over-react to news on Wellcome," says de Pass.

The domination of the herpes and Aids niches have nevertheless taken Wellcome shares to extraordinary levels. The price/earnings ratio is 38, compared with a market average of around 14.

At these dizzy heights, analysts are considering taking profits. Robin Gilbert of James Capel has been a buyer of the stock since October 1990 and is now "inclined simply to recommend a hold". Hall says "it will be very difficult for Wellcome to outperform the market over the next 12 months."

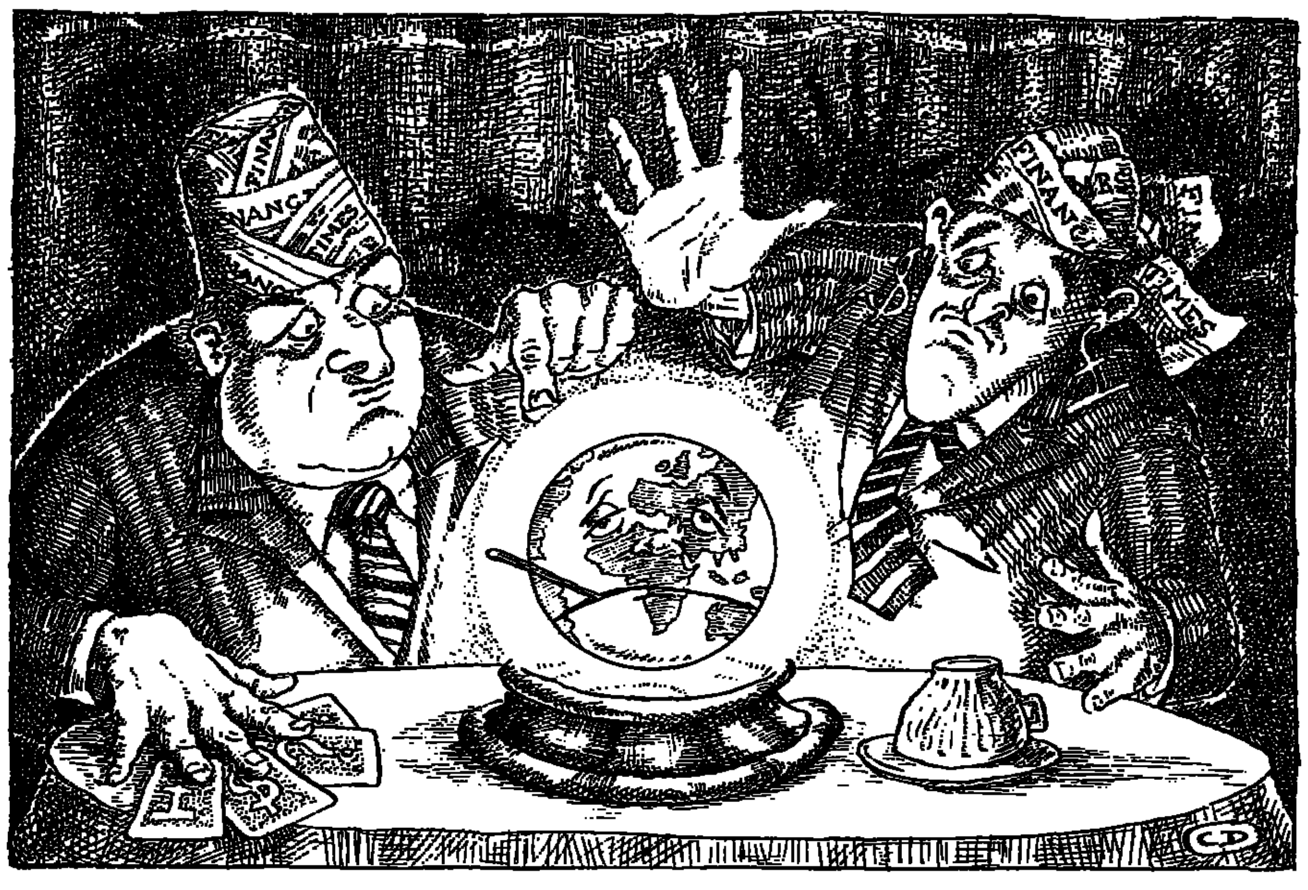
The City has not lost confidence in Wellcome, but it might take some real magic to keep the share price growing quickly for another year.

Daniel Green

FINANCE AND THE FAMILY

World seeks to break a spell of recession

*Leading economists **Giles Keating** and **Peter Oppenheimer** foresee a difficult 1992 for financial markets*



LAST YEAR was a tough one for the world economy and 1992 looks to be little better. Mainstream forecasters such as those at the Organisation for Economic Co-operation and Development envisage little pick-up until the second half, and the reality is that the recovery may have to wait almost until 1993.

The problem is one that always bedevils macro-economic policy making: politicians and central bankers are so concerned with looking in the rear-view mirror that they fail to see the dangers ahead.

As 1992 begins, the bias of policy-makers around the world appears too concerned with containing inflation. Promoting growth is still a very secondary consideration.

A short tour around the world's major economies illustrates the point. In the US, gruesome pre-Christmas data finally turned the Fed decisive, the discount rate being cut by a full 1 per cent. But all the rest of the year had seen only a slow and cautious easing. Result: output and employment have been flat or falling, and the near future looks no better, given collapsing consumer confidence, auto layoff plans, and weak money supply.

Plans for fiscal stimulus have become so embroiled in the battle between Administration and Congress that their only contribution has been to depress growth by making the bond market nervous.

In Japan, the reduction in interest rates has been miserly, reflecting the determination of the Bank of Japan's governor Mieno to avoid a return to the "bubble economy", which in 1989 saw a land price boom and the Nikkei Dow at almost twice today's level; and taxes are actually being raised to offset weak revenues.

The result is that growth is likely to fall below 3 per cent in 1992, which Japan counts as a recession. One bright spot is *that massive funds from the* Postal Savings Bank could be mobilised for emergency investment spending, if the recession gets out of hand.

Closer to home, the Bundesbank is imposing high interest rates on every European country. This policy is right for Germany, where it is needed to curtail inflationary pressure left over from the post-unification boom. It means a continued period of stagnation in the German economy, but that is acceptable because unemployment is reasonably low.

However, harsh monetary policy is not right elsewhere in Europe, where unemployment is high and rising, and inflationary pressures are subdued.

Unless there is a realignment of currencies within the ERM, lower interest rates will have to wait until German rates start to fall – in late spring or beyond. The result will be a miserable first half year in the European economies, and then not much improvement until lower rates finally have an impact well into the second half.

The impact of this international gloom on the UK is compounded by domestic factors: the weak state of the banks, with at least one clearer paying liquidating dividends; a moribund housing market which will be no more resuscitated by Norman Lamont's offer to pay stamp duty than it was by more generous deals from the housebuilders last year; and political uncertainty, which damages consumer confidence and increases the interest rate-premium over Germany demanded by the foreign exchange market.

Dealing with this outlook requires some unusual thinking by private investors.

Policy-makers' excessive concern with reducing inflation is good news for fixed-interest government bonds worldwide, so a global bond fund should form a significant part of any private investor's portfolio. If they are well-managed *they should be able to* take advantage of the rise in the dollar that is likely now German interest rates have peaked and US rates are near the trough.

In the UK, gilts have benefited from the worldwide trend to lower inflation and should do so again in 1992, because yields – still around 10 per cent – are attractive to institutional investors, many of whom expect inflation to stay close to 4 per cent. But as the election approaches, political uncertainty will at times push gilt prices down temporarily.

The equity market outlook is more equivocal. Provided that long-term interest rates really *do come down further*, valuations in the UK, the US, Japan and France would be slightly conservative. So if there are no unpleasant shocks, there will be significant support for prices at current levels, especially for companies with dollar earnings, once investors sense that recovery is finally coming. Be warned: it may be necessary to wait to mid-year or beyond for that to occur and the risk of unpleasant shocks is substantial.

Worldwide, the rumblings in Russia are compounded by the much closer threat of banking difficulties. In the UK, the market has the election roller-coaster to cope with. It is a *situation in which the upside* potential is not large, while there is a small but clear risk of a substantial downside move. So buy one of the special funds that go up in line with any rise in the equity market, but offer your money back if the market falls. These option-based funds have very high hidden charges but right now may be worth the money.

What better way to finance them than by selling any bank shares you may still hold? You could also check the banks and building societies where you hold cash deposits. If you have more than £20,000, it could be wise to spread it round to take advantage of deposit insurance *schemes.*

Some canny people will have unusually large amounts of cash on deposit this year, since they will have sold their house and be living in rented accommodation. Rental yields, at least in London and parts of the south, are currently so low that you can sell (if you can find a buyer), move into better accommodation, and finance *the rent out of money from* those deposits, or from saved mortgage interest. When you come to buy back in a year or two, prices will not be any higher and could well be down further.

■ *Giles Keating is chief economist for Credit Suisse First Boston.*

A YEAR AGO recession was an Anglo-Saxon phenomenon. The North American, British and Australian economies had ground to a halt but expansion was still vigorous in Japan, in south east Asia and in much of continental Europe, especially Germany. For the first time since the 1960s, the business cycle appeared to be de-synchronised across countries – a welcome development since de-synchronisation had been a big help to world economic stability in that decade.

The deepening gloom at the onset of 1992 stems from a perception that the magic formula of the 1960s has not been re-discovered. Japan and continental Europe have slowed down, without expansion resuming in America and Britain.

The Anglo-Saxon economies remain plagued by weak external competitiveness and by the aftermath of financial mismanagement on the grand scale in the later 1980s – ill-judged deregulation, wild lending policies, absence of prudential restraints.

In the US, the Fed has responded belatedly by bringing down interest rates to a reasonably low level, and the strength of equity prices is a good omen. Japan is following suit on interest rates; but its equity market still looks fragile and remains over-dependent on foreigners for business.

Nonetheless, investors who like to swim against the tide should be taking (or have taken) profits on Wall Street, *while maintaining or enlarging* their stake in the Far East.

Europe is demonstrating more clearly than ever that fixed exchange parities in the ERM in the absence of a European Federal Reserve System means subservience to the Bundesbank. France, Italy and the rest of the EC have to swallow additional unemployment in order that German trade unions moderate their wage claims.

Not that Germany is especially to blame. German abhorrence of even moderate inflation is hardly news and it has been clear for some time that re-unification would impose particular strains on the German economy.

A *dose of unwanted deflation* is the price which the French are now paying for having successfully opposed the Bundesbank's wish to up-value the D-mark within the ERM two and three years ago.

A precisely analogous mistake was committed by Britain *when it joined the ERM in the* autumn of 1990 at a central rate at least 10 per cent too high from the point of view of external competitiveness. To be sure, ERM membership has helped to subdue inflationary psychology in Britain. But so it would have done if the parity *chosen had been 10 per cent* lower – and so it will do, even if the government decides, either before or after the election, that a lower parity is appropriate.

Increasingly frantic Tory politicians are urging the Chancellor to follow-up on the emergency package for the housing market with income tax cuts in the Budget. Given the myopia and gullibility of the British electorate, such measures are *tempting – even though a* boost to domestic demand without regard to the country's external trade position would be economic folly. By contrast, devaluation would be economically respectable and probably better for the stock market.

Another area of uncertainty *for international business* relations is commercial policy, including the failure successfully to conclude the Uruguay Round of Gatt negotiations. The problem is deciding how seriously to take this.

There have been numerous chicken wars and other trans-Atlantic trade squabbles in the past 20 years. The proliferation over that time of voluntary export restraints and other protectionist devices contrary to the spirit and sometimes to the letter of Gatt has not prevented world trade from continuing to expand at a healthy rate, certainly faster than world output.

And the spread of multinationals provides an on-going counter-force to industrial protectionism. Talk of "fortress Europe" inspired by the Single European Act helped to attract additional Japanese and US investment to the EC – perhaps the most conspicuous benefit of the 1992 programme.

On the other hand, US exasperation at its bilateral trade deficits with whichever Far Eastern country is currently in major surplus seems to be growing. The US deficit is quintessentially home-made, *a* reflection of low domestic saving and of the budget deficits established by President Reagan's tax cuts a decade ago. Yet the US Congress is once again spawning absurd legislative proposals, for example requiring the Japanese to reduce their bilateral surplus with the US by 20 per cent a year for the next five years or face a trade war.

Even more important is the question of eastern Europe and Russia. Free access to western export markets is vitally necessary if economic reforms in *these countries are to have a* chance of making rapid headway. Political revolution in the east should have been matched by radical commercial measures in the European Community. Instead, protectionist lobbies in Brussels and elsewhere have manoeuvred to delay and *limit market access for the* eastern countries through much of the 1990s.

If economic discontent aggravates political instability and encourages the emergence of new forms of authoritarianism in eastern Europe, Brussels will have its share of *responsibility; and the Frank*furt Stock Exchange will not be the only loser.

■ *Peter Oppenheimer is a Fellow of Christ Church College, Oxford.*

Now is the time to top up your TESSA

HAPPY BIRTHDAY to TESSA. Anyone who opened a Tax Exempt Special Savings Account in January last year can this month pay in their second year's instalment, up to a maximum of £1,800.

Given the high rates on offer in 1991 – the average rate was around 12.9 per cent – TESSA holders should be able to have more than £5,000 in their accounts earning tax-free interest in 1992.

If one assumes an average interest rate of 9 per cent for the next four years, and that an investor puts in the maximums in each year (£1,800 in both 1993 and 1994, and then £600 in 1995), the total value of a TESSA on maturity should be about £12,500.

Since many people have yet to open TESSAs, it is worth repeating the advantages of the account. Interest is paid tax-free, provided the capital is left in the account for five years. An investor can withdraw net interest during that period, but not the tax-free element.

The five year time scale has probably deterred most people from opening a TESSA. But this is not a good reason for them to hold back. Most people will simply be putting money in a TESSA which previously was held in a building society account. If they withdraw their capital before the five years are up, all that happens is that they will not get the benefit of tax-free interest – in other words, they will be in the same position as if they had left the money in the normal building society account.

The only real disadvantage of TESSAs is that many institutions impose transfer penalties. But these tend to be fairly small and their effect will be outweighed by the fact that the interest rates on many TESSAs are more attractive than those offered on normal accounts.

So, if you have not opened a TESSA to date, open one now. And if you already have one, pay your second instalment.

The table (a shortened version of the one we published on December 14) shows the ten best and worst performing Tessas of 1991. It is based on a lump sum of £3,000 invested on launch date, and assumes that rates prevailing in mid-December continue until the anniversary. Those looking for the most attractive rates of the moment should consult the Best Rates for Your Money table on Page IV.

One building society complained that, in our December 14 table, we did not include bonuses which would be credited at the end of year five (although we did include bonuses credited at the end of year one). We did this for the simple reason that we wanted to show the actual value of a TESSA at the end of year one – only that value will accrue compound interest.

A bonus paid at the end of year five is obviously not worth as much as a bonus paid now. A fair comparison would have involved discounting that bonus back to a present value – a calculation which would have required us to establish a subjective discount rate.

One further point. In year one of TESSAs, some institutions offered high interest rates and no bonuses; others offered high bonuses and low rates. It may be that those institutions which offer high bonuses at the end of year five will pay lower interest rates towards the end of the TESSA.

Philip Coggan

Worst TESSAs

	Value (£)	Rate today (%)	Transfer penalty
Hinckley & Rugby BS	3319.82	9.0	N
Caledonian Bank	3335.47	10.0	N
Gartmore Mon Man (Prime)	3341.01	9.8	N
Newbury BS	3341.49	10.1	Y
Newcastle BS	3342.56	11.4	Y
Staffordshire BS	3347.66	10.5	N
Swansea BS	3348.82	10.1	Y
Tyndall & Co	3349.78	9.9	N
Municipal Mutual	3350.30	10.5	Y
Chorley & District BS	3355.29	11.0	Y

Best TESSAs

	Value (£)	Rate today (%)	Transfer penalty
North of England BS	3435.84	12.5	Y
National Counties BS	3435.48	13.1	Y
Julian Hodge Bank	3432.17	13.0	Y
Nationwide BS (Flex)*	3429.25	11.5	Y
Exeter Bank	3425.52	12.0	Y
Marsden Bank	3425.49	12.0	Y
Melton Mowbray BS	3420.00	14.0	Y
Chelt & Gloucs (Maxi)*	3417.67	12.0	N
Coventry BS	3415.00	11.6	N
Kent Reliance BS	3414.74	12.5	Y

Accounts marked * have been replaced or withdrawn.

Co-op strikes gold

CO-OP BANK's promise of a free gold card for life to those who applied for it before January 1 1992 seems to have paid off. This week the bank said that it had issued about 70,000 cards to 55,000 customers. *Some applications are still* in the pipeline but the bank says it expects to have over 67,000 accounts eventually. "We are overwhelmed by the response we have had," a Co-op bank spokesman said.

The Co-op card is now one of the most popular British gold cards. American Express, the leading player in the UK gold card business, is believed in the industry to have around 140,000 gold card customers. Barclays, the second largest gold card issuer, has 134,000.

The Co-op card is aimed at the "high rollers" – people who use their cards much more than the average. "We believed that if we got the high rollers in, we could make money on the card by offering it free for life when everyone else was *introducing* a charge," says a spokesman.

Despite adverse publicity about the numbers of credit-worthy people who were turned away, the bank says it refused far fewer people than it expected. There were 90,000 applications and it looks as if 23,000 will be unsuccessful.

Co-op was looking for gold card customers aged over 25, who owned their own homes and earned more than £25,000 a year. "We got a much higher standard of applicant than expected," the bank says.

One reason for its popularity was good luck: the Co-op launched its card in the week after National Westminster and Royal Bank of Scotland announced annual charges on their cards.

Now that the January 1 deadline has gone, the chance of getting a free-for-life gold card from the Co-op has passed. The next best deal available is probably a free Visa card from one of the dwindling band of issuers who do not make a charge: these include TSB Bank, Giro, and National & Provincial Building Society, although these do not offer the additional benefits of a gold card.

David Barchard

Rothschild life launch

A NEW life assurance company opened for business this week.

It may be starting *off in a recession but it has the* benefit of a famous name – J Rothschild Assurance – and Sir Mark Weinberg, the man behind the success of Abbey Life and Hambro Life, as its chairman.

The target market for the new company – and its 180-strong salesforce – is the better-off investor.

About two-thirds of its salesmen come from Allied Dunbar and are subject to a one-year moratorium on doing business with their old clients. However, they are relying on such clients to refer friends and acquaintances to the new company for business.

JRA is offering a wide range of products, from critical illness through personal pensions and endowment policies to unit trusts. *The one* area which the company admits it lacks a policy at present is permanent health insurance.

Nevertheless, it is quite a broad list for a start-up company. It has been able to achieve this, partly because it has subcontracted the administration of its policies to Scottish Amicable.

Fund management is divided between three companies – J Rothschild Investment Management (whose chairman is Nils Taube), Scottish Amicable and M&G.

With products such as the personal retirement plan, investors will have the choice of these three management groups, running a total of nine funds.

The unit trusts, which mainly come from the old Bishopsgate stable, include growth, international, greater European progressive, North American & international and PEP progressive; two further trusts, UK High Income and Far East, are managed by M&G.

JRA will be a niche player. It is only aiming for a market share of 0.5 per cent this year and 2 per cent in five years' time, when the company hopes to float on the London stock market.

Philip Coggan

More companies to sponsor PEPs

MORE COMPANIES are stepping forward to sponsor their own single company Personal Equity *Plans, which became available* to investors on January 1, writes Philip Coggan.

Investors can put up to £3,000 in a single company PEP in any one tax year, on top of the £6,000 they can place in a general PEP. Income and capital gains are tax-free.

As a rule, sponsored single company PEPs will offer lower charges than plans from independent managers. The *Weekend FT* contacted the stocks in the FT-SE 100 index to find out whether they were offering sponsored PEPs.

The following FT-SE 100 companies are sponsoring their own single company plans (managers in brackets):

Argyll (CC&P), Bank of Scotland (itself), BAT (Bradford & Bingley BS), Blue Circle (CC&P), British Airways (BA itself), British Gas (CC&P), BP (B&B), Forte (CC&P), Glaxo *(B&B), Grand Met (B&B)*, Guardian Royal Exchange (CC&P), Hanson (CC&P), ICI (B&B), Land Securities (B&B), Legal & General (itself), Lloyds Bank (itself), Marks & Spencer (CC&P), National Westminster Bank (itself), NFC (itself), Pilkington (CC&P), Prudential (itself), Sainsbury (B&B), Scottish & Newcastle (Bank of Scotland), Severn Trent (B&B), WH Smith (James Finlay Assoc), Smith & Nephew (CC&P), Smithkline Beecham (B&B), Tate & Lyle (B&B), Thorn EMI (CC&P), TSB (CC&P), United Biscuits (B&B), Wellcome (B&B), and Whitbread (B&B).

Companies in the Footsie which say they "intend to" sponsor a PEP include:

Barclays Bank (Barclays Stockbrokers), Boots (CC&P), *Inchcape (B&B), Lonrho (God*wins), Midland Bank, Northern Foods (B&B), Powergen, Reed International, RTZ (B&B), Shell, Tarmac, Tomkins and Trafalgar House (Barclays Stockbrokers).

The following Footsie companies say a sponsored plan is under consideration:

Abbey National, Allied Lyons, Anglian Water, Bass, BET, BOC, British Aerospace, BTR, Commercial Union, GEC, Guinness, Ladbroke, MEPC, MB Caradon, P&O, Reuters Holdings, RMC, Royal Bank of Scotland, Royal Insurance, Sears, Vodafone and Willis Corroon.

Footsie companies with no plans to launch a PEP are:

Arjo Wiggins Appleton, Associated British Foods, BAA, British Steel, BT, Cable & Wireless, Cadbury Schweppes, Courtaulds, Eurotunnel, Gen*eral Accident, Great Universal* Stores, Hillsdown Holdings, Kingfisher, Laporte, National Power, North West Water, Pearson, Rank Organisation, Reckitt & Colman, Redland, Rentokil, Rothmans International, Scottish Power, Sun Alliance and Thames Water.

Enterprise Oil, Fisons, Lasmo, Rolls Royce, Tesco, Unilever and Williams Holdings were unable to give us any information.

■ *Barclays Stockbrokers 041-221-2229, Bradford & Bingley 0274-555555, CC&P 071-357-7171, James Finlay 041-204-1321, Godwins 0252-544484.*

Cuts reflect poor returns

FURTHER cuts in with-profits life policy bonuses were announced this week, in the wake of the trend-setting 9 per cent reductions announced by Norwich Union in December.

The bonus cuts reflect the poor investment returns achieved by life insurance companies in the late 1980s. The more buoyant stock market conditions of the early 1980s, and competitive pressures in the life industry, had previously pushed up bonus rates.

But as Chris Dell, assistant general manager (life) of Clerical Medical said, "since 1987 stock markets have been relatively flat and looking ahead, I have no expectation that, in the short term, it will be possible to match the investment returns of the late 1970s and early 1980s. The consequence is a reduction in maturity values for most policies, particularly for shorter terms."

Although the traditional structure of annual (reversionary) and maturity (terminal) bonuses *might already* seem complicated enough, Clerical Medical has followed Norwich Union in switching to two kinds of reversionary bonus.

Previously, bonuses were paid as a percentage of the sum assured plus any attaching bonuses that had already been declared. Now, those elements have been separated, with the bonus on the sum *assured being cut from* 5.1 per cent to 4 per cent, and that on the previous bonuses being increased to 7 per cent.

The effect will be to push the growth in value of the policy towards the later years. The maturity value of longer term policies also benefits from the stronger share prices of the late 1970s and early 1980s.

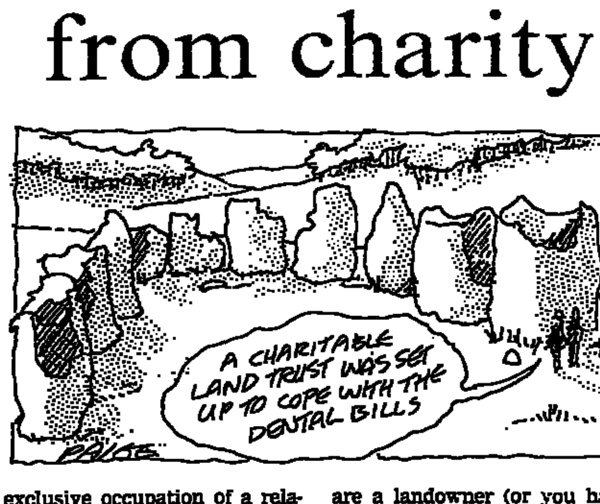
So at Clerical Medical, a male (30 years old at outset) paying premiums of £30 a month, will see a January 1992 maturity value on a 10 year policy of £7,576, a 5.7 per cent fall from last year. On a 25 year policy, the drop is just 0.9 per cent (to £61,283 from £61,789).

At General Accident, the returns on 20 and 25 year policies are actually being increased, although cuts are being made on 10 and 15 year policies. A male, 29 at outset, who paid 30 a month, will see a maturity value of £65,255 on a 25 year policy, up 3.4 per cent on 1991. But the same man *with a 15 year policy will* receive just £17,141, down 2.7 per cent on last year.

Standing against the trend is Sun Alliance, which is maintaining its bonus rates this year after making small cuts in both 1988 and 1990.

Philip Coggan

How to profit from charity



A CHARITABLE land trust has substantial tax advantages and can enable the owner to control the destiny of the land forever.

If the preservation of your land is more important to you than leaving it to your heirs, or if an Inheritance Tax bill might force your heirs to sell the land, you might like the idea of setting up a charitable land trust.

The Charity Commissioners cannot grant charitable status to every private land trust. The land must be of benefit to the public in some way.

Typical examples of what the Charity Commissioners will accept as "charitable" are the protection of the countryside, conservation of gardens of scientific interest or outstanding beauty, the preservation of the environment, the provision of agriculture or woodlands or the preservation of rare breeds of animals useful to humans.

Of course the public must be able to enjoy the land. This is usually satisfied, where a building is concerned, by a commitment by the trustees to allow the public access for at least 90 days a year. Most landowners do not find this too onerous.

What about people who have land or buildings which would benefit from being owned by a charitable land trust but is also their home or means of livelihood? Transferring the land into a charitable land trust does not necessarily mean they will have to vacate or find another job.

If the land to be transferred is a house of national interest, the normal practice is for your charity to grant you a lease for exclusive occupation of a relatively unimportant part such as the servants' quarters or stable block. Of course, when the public do not have access you can then occupy the whole house. If the land is agricultural or a woodland, your charity can grant you a tenancy to farm or manage it for commercial rent.

The fiscal advantages of setting up a charitable land trust are also substantial. This should not only enable you to transfer the land to the trust without selling it but also allows the land to be maintained in a cost effective way.

The transfer to the charity, for example, during your lifetime is free from Capital Gains Tax and on your death is free from Inheritance Tax with no limit. This means that if you are a landowner (or you have inherited land within two years) and are concerned about the Inheritance Tax, a charitable land trust could be the answer.

Furthermore, once the land is in the charity little or no further tax need be paid. Gains made in a charity are tax free: for example, if the trustees sell a farm cottage, the gain is free of CGT – provided it is applied for charitable purposes such as the further maintenance of the estate.

A charity is also exempt from tax on income such as the rent paid by a tenant farmer and on all annuities and interest paid to it, provided in every case the money is used by the charity for charitable purposes.

Also, other charities can make gifts to the trust without jeopardising their charitable status.

One area of taxation which is not covered by exemption is trading. The most obvious example is running a shop or restaurant on the land. However this can easily be overcome if the charity sets up a company to run the shop. The company can then covenant its profits to the charitable land trust.

The profits will be held according to the constitution of that trust, which you cannot change and by professional trustees over whom you have little control. However, if you set up your own private charitable land trust you can specify the constitution (subject to the Charity Commission's constraints) and you can appoint the trustees – one of whom could be you.

You may be particularly concerned about an ancient woodland which you think should be preserved. This can be specified in the constitution and you can appoint trustees whom you believe will ensure this is done.

A charity also goes on forever. This is unlike a private trust which can tie up your land for only two generations or so. The idea of keeping your land in trust forever may not particularly appeal to you. If not, you could grant your charity a lease, but the lease will have to be for a substantial *period of time – the minimum* acceptable is usually 99 years. The freehold can then be retained by the family.

Caroline Garnham

■ *Caroline Garnham is a tax lawyer with London solicitors Simmons & Simmons.*

Directors' Transactions

EVEREST Foods had poor results in 1990, at which point three directors bought shares at prices of between 72.5p and 80p. Following the company's recent offer, two directors have each sold 300,000 shares at 168p, although two other directors have increased their holdings.

Substantial buying has been seen in Tarmac, with Sir Anthony Bamford buying a further 200,000 shares at 99p. The price has fallen by almost two-thirds this year with this recent purchase following one in October at 160p. Sir Anthony was joined by a fellow non-executive director who purchased 100,000 shares.

Richard Peskin, of Great Portland, the property company, has continued to increase his holding, purchasing shares at 152p. This purchase follows the acquisition of 500,000 shares earlier this month at about the same price. Nigel Rudd, chairman of Williams Holdings, has taken the opportunity to top up his holding following the failed offer for Racal Electronics.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
EMAP	7,343	17	1
Everest Foods	600,000	1,008	2
Jupiter Tyndall	22,500	28	1
Kingfisher	600,000	2,700	1
Sims Foods	115,219	362	2
Ultramar	124,688	320	3*
Warburg SG (Cn Dld)	10,000	25	1
PURCHASES			
Capital Gearing	3,600	10	1
Chloride Group	170,000	10	2
Everest Foods	16,686	28	2
Fisher (Albert)	30,000	20	1
Gt Portland Estates	115,000	175	1
Lasmo	4,505	10	1
Mowlem (John)	11,970	14	3
Plaxton	25,000	10	1
Tarmac	300,000	299	2
Williams Holdings	50,000	145	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 23-27 December 1991.

Source: Directus Ltd, Edinburgh

Vogel struggles to revive Prolific

PROLIFIC has turned the corner after a difficult run. In January 1988, its parent, the privately-owned Provincial Insurance Group, decided to demerge its unit trusts and life and pensions products, leaving Prolific partly owned by its management and partly by Provincial's shareholders.

After a year, Prolific felt that *it needed additional capital* and underwent a time-consuming and distracting public auction to find a new parent. In November 1989 it was bought by Hafnia, the second largest Danish insurance company. During this time, one of the key fund managers left for personal reasons. Although performance was good in 1988, and reasonable in 1989, 1990 was a bad year.

Michael Vogel, who was promoted to managing director of *Prolific Asset management in* 1990, had the task of restoring Prolific's image and performance. One of his first steps was to stop running both the sizeable funds on his own and to concentrate on High Income, Prolific's bell-wether fund. Prolific's entire asset management division, including the unit trust group, was reorganised along geographical rather than product lines.

There was also some discussion among managers over *whether the group should stick* to its traditional investment approach. Typically, Prolific invests in small to medium sized companies with market capitalisations from £100m to £800m. Vogel sees a number of advantages: "They have got over the first hurdles which small companies usually face, the management is usually stronger and broader, they have generally got good bank financing if they have needed it, but they are not into prob*lems of scale.*"

After the 1987 stock market crash, these types of companies went out of favour as investors flocked to the safety of blue chips. Performance suffered, all the more so because Prolific likes to take bold positions and hold them across a number of funds.

Vogel says: "We like to concentrate portfolios – even the biggest funds may have the top *20 stocks making up some 60* per cent of the fund. We like to get very close to the management of those businesses, and if necessary we will sit with substantial holdings, even if they are likely to go through relative periods of underperformance."

Prolific's managers felt they had the right approach, and stuck with it. Eventually the tide began to turn and a number of funds have improved over the last year.

The upturn is steady rather than spectacular: of the 11 funds launched before 1991, five are above average for their sectors over the three years to December 1, and six below. Over one year, seven are above average and four below.

The strongest performers in 1991 were High Income, North America and Technology and Europe. The weakest were Special Situations and Convertible & Gilts.

Vogel admits to being pleas*antly surprised by the revival* in High Income's performance over the last year. Its income record – and that of the extra income fund, too – is good, with an 18 per cent annual net return for the last five years. This year, says Vogel, it will be a struggle, but the dividend payment will increase again.

The main difference between the High and Extra Income funds is that Extra Income makes four payments of dividends to unitholders a year *and holds more convertibles to* support a higher yield. Extra's performance has also improved, although it has not done as well as High Income.

Prolific unit trusts

	Size (£m)	Launched	3 yr perf	Sector average
American Inc	11.6	1985	+32.9	+41.5
Conv & Gilt	32.0	1981	-7.1	-7.5
Eur Gth & Inc*	39.4	1986	+24.2	+26.1
Extra Income	87.4	1984	+3.5	+9.1
Far Eastern	24.0	1982	-7.7	+5.6
High Income	275.1	1974	+10.8	+9.3
International	94.6	1969	+18.1	+16.0
North American	13.2	1982	+50.4	+41.5
Pref & Fix Int	12.2	1988	-2.3	+11.6
Recovery	9.6	1991	n/a	n/a
Special Sits	86.7	1982	-6.2	+9.7
Technology	17.3	1982	+41.3	+16.0
UK Blue Chip	6.8	1991	n/a	n/a

Source: Finstat. Figures cover offer-to-bid with income reinvested over 3 years to December 1. *European trust's performance show figures pre-division.

In North America, the fund tends to invest in smaller companies than in the UK. Performance follows the US major-*minor company cycle, which* turned with a vengeance in smaller companies' favour at the end of 1990.

American Income's record is less impressive, although it improved in 1991. There is a problem finding enough high yielding equities to keep up a good yield (4 per cent, double the US market), so nearly 25 per cent of the fund has been invested in convertibles, which have underperformed.

Technology is Prolific's riski*est fund, as about 80 per cent is* invested in US high-tech stocks. Performance jumps around quite dramatically, but this year, the fund is Prolific's strongest performer, in the top five of International funds.

In November, the European trust was split into two: a new European Income trust (£21m) and European Growth (£16.5m). Providing income and growth in Europe is even harder than it is in the US, and it was felt it was counter-productive to try *to do both. Nevertheless, the* former European Growth and Income trust has had an excellent 1991, which manager Caroline Morrison attributes to taking the view in March that Germany was going to slow down, and France looked better, as well as getting the stock *selection right.*

Unfortunately, it is not so good elsewhere. Special Situations is in the bottom 25 per cent of its sector over one and three years. Although it rode out the early part of the recession, it was over-invested in US dollar earners such as Hanson, Siebe and BTR during 1990.

Because it is one of the most concentrated portfolios, the underperformance of big holdings has a considerable effect *on the rest of the fund. It is* also quite heavily invested (50 per cent) in smaller companies, capitalised below £700m, which have been out of favour until recently. Manager John Thornton is convinced that some of the larger holdings like Hanson will come right again and that the cycle has turned in favour of smaller stocks.

Prolific's convertible and gilt fund, the biggest in the market, performed well enough until a couple of years ago *when it suffered from its com*paratively high exposure to convertibles – only 5 per cent of the fund is in gilts. It then sunk under the weight of poor quality paper coming on to the market in rights issues. Vogel does not intend to alter the mix, and says "we are sweating it out".

Prolific also launched two trusts in 1991 – Blue Chip and Recovery. The latter is run by Thornton and Vogel, who *spent a couple of years work*ing for David Tucker, M&G's recovery fund manager.

The message which often emerges from an unit trust group is that steps have been taken to improve performance, but that it is too early to say whether they have worked. At Prolific, the message is that steps have been taken, and they seem to be working.

Heather Farmbrough

■ *This article resumes our series on fund managers.*

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Heart of England BS	Election Bond	0926 405488	Election	£5,000	12.00%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
Nationwide BS	Capital Bond Drct	0793 694485	2 Year	£25,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719899	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	9.00%	Yly
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%	Yly
Prosperity Life FN		0622 690555	3 Year	£25,000	9.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.95%	Yly
Providence Capitol FN		0256 768886	5 Year	£25,000	9.35%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.

Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

A costly bonus share dividend

MY WIFE has recently submitted a claim for repayment of tax paid in the year to April 5 1991. Her income is derived from dividends and interest; the largest item is dividends on BP ordinary shares which she takes as shares rather than cash.

The tax inspector has ruled that dividends taken in this form do not qualify for tax repayment, although the gross amount of the dividend has been used in computing my wife's income, consequently taking her above the allowance limit. Can you advise me if the inspector is correct?

■ Yes, by virtue of Section 249(4)(b) of the Income and Corporation Taxes Act 1988.

It is a pity that your wife did not ask about the tax consequences before she decided to elect to take her BP dividends in the form of bonus shares. The law on this point has remained unchanged since 1975 (the 1988 Act was a consolidation of the existing legislation).

Names on wills

ALTHOUGH I have two Christian names I have normally used the first one only. My bank account, building society and investments are all in my first name. I have drawn up a simple will on a will form which I have signed with my first name only. Do you consider this will be valid?

■ It is sufficient to sign in your usual form of signature ie. with one Christian name *only*. You should however give your full names at the head of the will document.

Protection for joint account

MY HUSBAND and I have a joint building society account – £56,000. What would our position would be on the event of the building society closure? Would we each be entitled to the maximum insurance cover or is it just per account?

■ Each depositor is entitled to the protection afforded by section 27 of the Building Societies Act 1986 (90 per cent of up to £20,000) regardless of the number of accounts he or she holds. Where there are joint accounts the amount of the investment is divided by the number of people who are beneficially entitled. Thus, each of you and your husband would be deemed to have half the investment and so you would each have £28,000, £20,000 of which is protected, so £40,000 of the joint fund is protected. If the account were held on trust for one of you only, only £20,000 would be protected.

Keeping the paperwork

MY brother-in-law died in November 1984 and I was named an executor in his will. My co-executor died in June 1990. I have the complete record regarding the liquidation of assets and the final distributions which were made according to his will.

The benefactors have gained their inheritances and no query is expected. How necessary/desirable it is for me to continue to hold any records of the transactions? They are somewhat bulky and I would prefer to dispose of them.

■ We think that you should retain all documentation until at least six years after completion of the administration of the estate. If the final distribution was made in 1985 you could consider disposing of the documents, otherwise you should wait before doing so.

Non-resident problems

I HAVE been resident abroad (in Zambia) for the past 36 years during which time I have classed as non-resident and not ordinarily resident for UK tax purposes. I have no connection with the UK apart from immediate family (mother and brother) a bank balance and some investment trust shares. I do not intend to return to the UK as a permanent resident. I expect to retire in Zambia where I have resident status. I am concerned about my position with regard to domicile, particularly with regard to inheritance tax. Would I be correct in assuming non-domicile status after all this time or will I have to obtain a ruling from the UK tax authorities? If so how do I go about this? Also, under the terms of my mother's will I am due to inherit her house on her death. If I kept this house for holiday purposes would it effect my non-domicile status?

■ It would appear that you have acquired a domicile of choice in Zambia. If you do not change your present intention that domicile will remain. The Inland Revenue will not be prepared to rule on this at a stage when there is no claim which raises the question of your domicile as an issue. Your use of a house in England for holiday purposes should not affect the position, so long as your use of it does not reflect a more permanent approach to your visits to the UK.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A burning land issue

IF SOMEONE burnt garden refuse on a small piece of land on a roadside bank outside the boundary of his property for a few days each year, would he be able to claim adverse ownership after 12 years?

■ No. the use would not amount to adverse possession, and in fact would not even constitute possession at all.

Correction

On October 26, under the heading "Inheritance tax and Pets", we said the donor's estate would be liable for payment of inheritance tax if the seven-year period was not achieved. We omitted to say that the primary liability falls on the donee, and that the liability of the donor's estate is confined to where the tax remains unpaid for more than 12 months after the end of the *month* in which the death occurred. The Capital Taxes Office will not necessarily pursue the personal representatives for the donor in such circumstances.

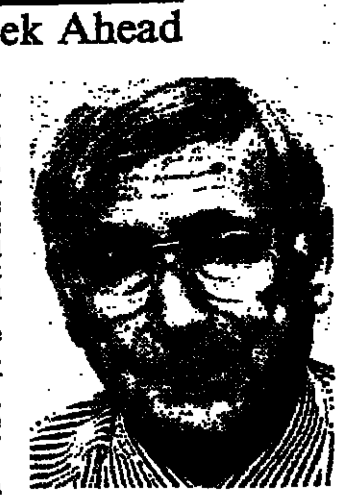
The Week Ahead

DIXONS, headed by Stanley Kalms, has long been regarded as one of the stock market's favourite "recovery plays". However, the company is likely to disappoint some followers by emitting cautious noises about the state of the electrical goods retailing market when it reports interim results on Wednesday.

Pre-tax profits may have fallen to £20m from £27m. *Christmas, which falls after* the end of the interim period, is also not expected to have been as buoyant as previously hoped.

The UK retailing division should have continued its profits improvement, but any advances will have been dragged down by losses at Silo, in the US, and reduced contributions from property and interest.

Securicor, the security and parcels delivery company, and its 51 per cent controlled sister Security Services, report full-year earnings on Thursday. They are likely to reflect an improvement from their 40 per cent stake in Cellnet, the mobile telephone network, which disappointed at the half-year.



Dixons' Stanley Kalms

The companies are still dominated by Cellnet earnings. While Cellnet has suffered from a higher rate of disconnection than Vodafone, its main competitor, profits are likely to have benefited from a recession-induced cut in capital spending.

Securicor is estimated to have made pre-tax profits of £33m (£51.9m). The pre-tax figure for Security Services, which is consolidated, is expected to be £21m (£36.1m).

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	6*	7	4	3.94	Pittencrieff
Atlantic Rest‡	2.25	2.25	2.25	5.95	Conroy Pet
Baker Harris	72	66	53	9.47	Herring
Cityvision	48* ◆	49	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ◆	87	66	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Marrel
New England Props	17*§	16¾	14	11.91‡	TR Prop Inv Tst
Security Archives	276*	272	234	17.66	Brambles Inds.
Steetley	372¼	354	274	581.75	Redland
Sterling Trust	41*§	60	58	10.79☆	Robert Fraser
Wilding Office Eq	18½	13	27	3.44	Pentos

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 3/1/92. †At suspension. §§Shares and Cash. ‡ For 70.18% not already owned. ◆ Or alternative of 1 Blockbuster share valued at 50p for each Cityvision ord. share, and at 83p for each Cityvision pref. share. ☆ For 49.5% not already owned.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Jones & Shipman	Sept	2,460 L	(400)	-	(1.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Trust	Tuesday	-	-	1.0
Alexanders Holdings	Wednesday	-	1.0	-
Barr (AG)	Monday	3.25	12.35	1.08
Dewhurst	Thursday	0.6	1.1	0.6
M&G Dual Trust	Wednesday	29.4	86.9	30.65
Securicor Group	Thursday	0.61	1.5	0.61
Security Services	Thursday	1.29	2.78	1.29
Soundtracs	Monday	0.85	1.35	0.85
Treatt	Thursday	1.0	2.25	1.0
INTERIM DIVIDENDS				
Banks (Sidney C)	Wednesday	2.5	5.5	-
Bespak	Wednesday	3.0	5.0	-
British Bloodstock Agency	Friday	-	-	-
Carclo Engineering Group	Monday	1.71	6.1	-
Dixons Group	Wednesday	1.6	4.2	-
Druck Holdings	Thursday	2.8	3.8	-
First Spanish Investment Tst	Friday	-	1.0	-
Goode Durrant	Wednesday	2.15	3.25	-
Hadleigh Industries Group	Wednesday	2.2	4.3	-
Hollas Group	Tuesday	0.8	0.8	-
Jones Stroud (Holdings)	Thursday	3.0	5.0	-
Pepe Group	Friday	2.5	1.5	-
Platignum	Monday	-	-	-
Property Security Inv. Tst	Tuesday	1.5	2.25	-
Savills	Wednesday	-	-	-
Symonds Engineering	Thursday	0.3	0.7	-
Vardy (Reg)	Wednesday	1.2	2.4	-
Williamson Tea Holdings	Wednesday	10.0	15.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

MINDING YOUR OWN BUSINESS

Nick Garnett revisits small companies he has written about over the last 12 months

'Hellish' year leaves many losers and a few winners

"THE PAST year has been pretty hellish," says Jenine Moody. "Our turnover will be down about 40 per cent in line with the corporate hospitality market. In October and November the company's phone hardly rang."

With its six double decker buses, support vans and large marquees catering for the Bollinger boys during the Lawson boom years, Moodies found itself in the eye of the past year's recessionary storm. But anyone seeking examples of the damage which a recession has inflicted on Britain's tiny businesses need look no further than the scores of companies featured in this column over the past 15 months or so.

Some of the weaker ones with precarious financing have thrown in the towel. Others proved remarkably resilient, pumping up turnover but watching helplessly as profit margins shredded. Those engaged in a bit of property speculation on the side were caught cold. Some infant companies saw growth forecasts turn into fiction. In only a few cases did last year prove to be fun and fruitful.

Paper profits: Pam Jose can now pay herself a wage from her recycling business

Bootz Spatz and Shooz gave up the ghost. It manufactured all-weather footwear in Harrogate; its founder Michael Cooney had hoped to raise production from 25,000 to 40,000 pairs and break even for the first time in the company's short history. In 1990 the company had lost £58,000 but Cooney hoped to swing the company into the black by nearly doubling turnover to some £600,000.

"We just couldn't run it as a single production company," Cooney says. "It wasn't working what with the way the economy has gone and Americans undercutting in Europe. We were finding it more and more difficult."

For "a few tens of thousands of pounds" the company's assets and trade name were sold to an Essex clothing company which now makes the same label footwear in its own factory.

Garden Tours, specialising in horticultural holidays from £400 to £1,500, is at least in serious difficulty or worse. The company vacated its Milton Keynes premises without leaving a forwarding address.

"We would like to know where they've gone," says a manager of the business premises it used. "People have been ringing in and we haven't been able to tell them anything."

The company's owner, John Weltz, admitted in a radio interview a few months ago that the company was in trouble. He was using money deposited by new customers to pay off customers who had had their holidays cancelled.

A former sales manager with Ladbroke Hotels, Weltz had been confident that the type of customer Garden Tours serves possessed pockets immune to recession. It has not worked out quite as he expected. Garden Tours was set up in 1986. In 1989 it had a claimed turnover of £600,000 and a net return of 18 per cent.

It has been a difficult time in other ways for companies in the entertainment and leisure game. Laurence and Sue Cowley successfully raised turnover at their country hotel, Glazebrook House in Devon but the property market's steep slide is putting them under strain.

They signed a contract two years ago to buy a disused abbey with planning permission for a leisure complex. That contract is costing them money but they have been unable to sell Glazebrook, a necessary move to finance the deal.

"We haven't even had one looker since we put it up for sale a year ago," says Laurence Cowley. The 13-bedroom house in four acres is on the market at £700,000. "We are committed to buying the other property. It's a very sticky position. We are treading on ice."

In spite of a virtually complete drop-off in business entertainment, the company has picked up other trade – more social functions, seminars and conferences, increasing turnover from the previous year's £160,000. The Cowleys have also pared costs. "We have changed our wine supplier, dropped back on staff, renegotiated the laundry contract, changed the grocery wholesaler and we are using two or three butchers instead of buying from the same one."

Michael Cooney and Stephen Wright sold their business

The Alternative Shooting Company set up in August 1990 offered a different type of clay pigeon shoot. Banks of clay birds are hidden away on country estates providing a greater illusion of live bird shooting. The company turned out to be hopelessly optimistic about its first year's trading. Instead of doing 125 days shooting it did 20 and managed only a tenth of its target turnover of £500,000.

"We have been concentrating on keeping our head above water," says Wendy Plummer, the marketing and reservations manager for the company based in Burford, Oxfordshire. Corporate hospitality has again proved a disaster zone.

"The difficulty has been not only getting a company to take a day's shooting but for those companies to get people to come on them because so many are worried about their jobs and don't want to take time off work."

Open days, cheaper at £150 than the 16-gun corporate day at £190, have become much more important than Alternative Shooting expected. Plummer says, however, that the general concept has been accepted by the shoot fraternity, the company now has a substantial client data base and a target next year of 70 shooting days.

Some companies really drove up turnover last year. Watts & Wright, a hand-crafted fitted kitchen and bedroom maker in Walsall, raised sales to £250,000, double that of the previous year. Profit was also up at about £30,000. The company's two owners, Tony Watts and Adrian Wright increased staff by two to eight and have started to land larger jobs in the £20,000 range. The market for Watts & Wright's relatively high quality bespoke furniture is very tough as the rest of the kitchen and bedroom market.

"The market is very, very competitive. Its like a dog fight now," says Wright. "We are often selling domestic appliances at cost to get the job."

The company is being drawn further from its Walsall base. "There is not much life in the West Midlands." The two men have decided to keep their salaries unchanged at £18,000.

Bob Dowdell, director of New Era Cosmetics, sums up the past 12 months. "We thought it was going to be tough but we didn't think it would be this tough."

The company started in March 1990. Its principle product is up-market pot pourri and it turned over £105,000 against its target of £120,000. Like so many production businesses, New Era is expanding sales quickly and expects to have done £200,000 for the whole of 1991. But it is the same story of shrunken margins.

Bags of quality: Jo and John Chapman have struggled with suppliers and customers

"Rather naively we thought we might break even in the first year. We actually made a loss of a few thousand pounds. We will make a loss this year as well of about the same amount."

Retailers and brand name suppliers of pot pourri for whom New Era produces, demanded price drops from the West Sussex business of about 5 per cent over the year.

"People are also delaying payments. We did not envisage that it would be as much a down turn as this, but our blends are different and we have not sacrificed quality."

The company, which also makes aftershaves, fragrance sprays and *eau de toilette* has started exporting to Sweden, Holland, Greece and Italy. "We have been getting a name for ourselves in the market. and we are also developing our liquid filling facilities." Dowdell and his partner Brian Charman together with another shareholder raised a further £20,000 to add to the businesses capital. "We are not over-pessimistic but I don't want to borrow heaps of money."

Pam Jose is completing her second year at North-East Recycling, a Newcastle-based company handling paper, polythene and other recyclable waste. "It has been very tough," she says. "Paper prices have kept on spiralling downwards by about 10 per cent last year and I'm expecting another drop this year."

Nevertheless, the company's puny turnover of £20,000 in its first nine months has become £77,000 in its second full year. Instead of making a loss of £15,000 it is breaking even and Jose is taking a salary from the business, albeit just £5,000 a year.

The company improved the layout of its warehouse and baling operation, is buying a portable baling press so it can carry out compacting at the site where it collects polythene and wants to purchase a baling machine for cans. The company will drop cardboard recycling because of low prices and is increasing its interest in polythene and polythene film which form half of its business.

Among its network of suppliers and customers, North-East Recycling takes material from local shops, breweries and industrial companies and sells recycled material to polythene reprocessors for bin bags and all weather sheeting, paper mainly to paper mills and cans to Alcan.

"We are creeping forward inch by inch," Jose says.

J Chapman has been manufacturing sporting bags, hand and travelling bags in Carlisle, Cumbria since 1984. Two years ago it had a brilliant 12 months. It has also been busy during 1991 selling to its main customers, stores and own brand label bag suppliers. But its owner, John Chapman and wife Jo have been made all too aware of the general recession.

"Altogether it has been more difficult than we expected," says John Chapman. "Most customers are now wanting very quick deliveries of smaller quantities and that makes it very awkward. In the past three weeks I think there has been a sudden deterioration. Some customers cannot take the goods we are making even to their own design because they have no cash. We have had three or four letters in the past few weeks from liquidators of companies we have dealt with."

The company expected to turn over more than £500,000 last year but did not achieve that. Margins are also down from 30 to about 18 per cent. Chapman is disturbed by what he perceives as a continuous slide in the quality of material he buys, including cloth, brass fittings and leather.

"The quality is deteriorating substantially. Perhaps these companies are passing material which they would have rejected before. Perhaps they are cutting down on staff and therefore quality control."

If such deterioration in quality is now becoming endemic in other industries, that is a depressing feature the recession has bequeathed Britain.

The sweet taste of success

Fasta sales: Ben Fox is racing the economic cycle

NO MATTER how bad a recession, everyone has to eat. And two little businesses serving the human palate show that you can start out on your own at any age.

Pensioners and retired school teachers, Arthur Davy and Kathleen Suchland-Smith started making chocolates for fun back in 1986 and gradually moved into commercial production. "The past year has been fantastic, so busy it's absolute chaos," says Davy.

Producing chocolates using only natural ingredients, Clarke's of Loch Ewe is now selling 50 per cent more than it was doing at the beginning of last year. In December it had orders for up to 280 boxes a week, 12 large hand-wrapped chunks of confectionery per box. The enterprise will become a limited company this month and two younger people, with capital, are coming in to help run the operation. "It's going to be a serious venture from now on," Davy says.

In the past six months, Clarke's outlets have grown to include two shops on London's Fulham Road and its mail order business has taken off. Working with just a few staff at its minuscule "factory" in Coldstream on the England-Scotland border, the two founders continue to buy their dried apricots and raisins in Edinburgh and, from Glasgow, the ground almonds which they use to make their own marzipan.

Prices of raw ingredients have changed little over the past 12 months and Clarke's has held the price of its broad range of sticky edibles. Its whisky-flavoured Glenlivet sells mail-order for £8.80.

Clarke's is no threat to Cadbury, but it is giving the two pensioners a lot of fun. "It's something to get out of bed for," Suchland-Smith says.

Fasta Pasta was started in 1990 by 27-year old Ben Fox. Last year, Fox was able to add a second home delivery outlet in London's Clapham to his existing one in Fulham, after an the injection of capital from two private investors. All deliveries of rigatoni, linguine and spaghetti are done by bicycle ("we want to make it the Body Shop of fast food") and turnover in the first full year was £127,000.

The company's Fulham premises now act as a kind of centralised kitchen and Fasta Pasta has begun selling cold pasta and sauces to restaurants and pubs for reheating. With four full-time and 21 part-time staff, controlling labour costs is now one of Fox's headaches.

People still eat in the recession, but they do not always want to fork out what they once did for a lunch time snack at the office or an easy meal at home in the evening.

"People are not spending quite as much now," says Fox. "They still want a nice pasta dish with a nice sauce but are not wanting to spend £4.50 on it."

As a result Fox has introduced a delivery pasta salad for £1.80 in competition with the ubiquitous sandwich.

Nick Garnett

Hand-made hits: Arthur Davy and Kathleen Suchland-Smith with their best-selling chocolates

PERSPECTIVES

A head above the parapet

Ralph Atkins on the gospel according to William McCrea

"In country, town or city, wherever man is found folk spend their time a grumbling at everything around," – from "The Grumblers" recorded by the Rev William McCrea in Nashville, Tennessee, 1986.

WHEN the Rev William McCrea, Democratic Unionist MP for mid-Ulster, started to cry during our interview, the troubles, tragedy, hopelessness, despair – call it what you will – of Northern Ireland, stood as drearily as the province's weeping mountain scenery on a winter morning.

Here was a true fanatic – the most popular gospel singer in the province, a simple-minded father of five from a tucked-away Ulster farming town, a Presbyterian fundamentalist, a deeply-emotional politician – who was prepared to carry the heavy burden of a community's collective grief.

If you want a view on the IRA, the locals say, speak to McCrea. He will put his head above the parapet. His small family house is surrounded by security technology. He has police protection. Three cousins have been murdered by terrorists. When we spoke he had just returned from the funeral of a policeman, murdered by the IRA, who had once been his bodyguard.

You may mock his timbre, his irritating protestations, or ridicule the lyrics on his albums – but you cannot laugh at McCrea. There are not many jokes in Northern Ireland politics.

"I'm a very resolute person," he says, restraining the tears. "I'm determined that the enemy will not deter me from doing that which is right."

I was shown around his Calvary Free Presbyterian Church, on the outskirts of Magherafelt, by the labourer working for free to help build a Sunday school extension. Clambering from the scaffolding, he brushed some of the mud from his black shoes and took me through the church's side door.

The foundation stone of the brick and pebble-dash building was laid in 1975 by the Rev Ian Paisley, the voluble, larger-than-life leader of the Free Presbyterian Church who has dominated Northern Ireland's Unionist politics for two decades. Gaunt on its hillside perch, overlooking patchwork fields, the building is surprisingly comfortable, a welcoming church rather than of strict Presbyterian austerity.

Free Presbyterianism dates from 1951, when Northern Ireland's most conservative evangelistics concluded that the Rome-ward drift and apostasy of Irish Presbyterianism was beyond redemption. From its earliest years, the church has been almost a museum example of traditionalist religious fervour in an increasingly secular Europe.

In grey bricks above the altar, were set the words: "Woe is unto me if I preach not the gospel." The labourer, a devotee of McCrea, caught the line of my sight. He was a thick-necked man wearing a ripped vest and trousers that struggled to cling to his belly. "That is the God's wrath, up there." he warns.

McCrea, now 43, came here first in 1968, running a three week gospel campaign. He was a young man, fresh from the college Paisley had set up in Belfast to train ministers for his growing church. A year later he returned, preaching in a windowless wooden building that quickly became too small. The Calvary church, advertising McCrea's "Old Tyme Gospel Evening Services" has been built for expansion.

McCrea was born into an strict Irish Presbyterian family, not far from Magherafelt, and dutifully attended church each Sunday. "You went and you knew nothing else," he says. But on June 4 1957 (he has no difficulty recalling the date), the nine-year-old William McCrea was "saved" – the experience of conversion that characterises full members of the Free Presbyterian church.

"I realised that before God that I was a sinner," he says. Reconciliation could only come through Jesus Christ upon the Cross. "That night I simply asked the Lord Jesus to come into my heart. I asked the Lord Jesus to cleanse me from my sin."

He entered the ministry of the Free Presbyterian Church, inspired by Paisley's imprisonment in 1966 following disturbances at an anti-ecumenical march against the Irish Presbyterian leadership. "I realised that here was someone who was suffering because he believed the Bible, because he preached the gospel," says McCrea.

Life for him, in many ways, is as simple as that: defending the beliefs that he is, literally, prepared to risk his life to maintain. The Bible is the divinely inspired word of God; Jesus Christ died to atone our sins. He adheres to the seventeenth-century Westminster Confession of Faith in which the Catholic Pope is the Anti-Christ. He believes in sex only in marriage and respect for the Sabbath.

It is a prickly defensiveness. He is no ecumenicalist; McCrea is the antithesis of a consensus politician. He can see no other way. Little wonder Peter Brooke, Northern Ireland secretary, finds it so difficult to find a political accommodation in the province.

I asked if he saw himself as an emotional person?

"Yes, I do," he say quietly.

"What would you have been like, if you hadn't been saved?"

"I don't know. I couldn't answer that question. I'd just say, 'thank God the Lord did take control of my life'."

Religion brings him an inner peace and joy, he argues, that gives him the strength to withstand the threats and intimidation; to stand up to terrorism where others might crouch.

"I have been the target of attacks. I opened my front door one night and a man was standing there with a revolver pointed straight at my brow. I have been left to tell the story but you are always conscious that death is never far away. I suppose nothing I ever do now will spare me as far as the terrorists are concerned."

McCrea, the politician, is as fierce in his defence of the Union with the UK mainland as he is of the gospel. Free Presbyterianism and the Democratic Unionist Party, established by Paisley in 1971, do not have to overlap but frequently do. They are similarly conservative and equally convinced that their's is the true way.

The DUP is the brasher, less stiff-collared cousin of the larger Ulster Unionist Party, drawing its support largely from working class, urban and rural, voters.

McCrea's style is shrill; his soft singer's voice does not stretch easily when trying to cower the House of Commons or journalists with words of fire-and-brimstone. "The honourable gentleman is working himself up," Margaret Thatcher retorted in her best school ma'am manner after a particularly hysterical intervention.

He has been an MP since 1983 – from when, he says, unionists have been systematically betrayed by the government. Once he sent Thatcher his album, "How Great Thou Art", only to find that the 1985 Anglo-Irish Agreement, signed by the former prime minister, was to give the Irish government a say in the affairs of the province. He, like all his unionist colleagues, was horrified at the prospect of foreign intervention in a part of the UK.

Constitutional uncertainty has to be ended, he insists, with the government making clear, "that no bombing, no shooting, no campaigning – political or otherwise – will destroy the union." Then the IRA will have no purpose and could be eradicated by a determined counter-offensive from the British security forces, unfettered by politicians.

"It is so easy for other members of parliament to carry on with the little niceties of parliamentary privilege and parliamentary duties. They haven't a clue what it is to spend the last eight years as an MP, going from home to home, family to family, seeking to give them succour, help, comfort."

That leaves little scope for embracing the agenda of nationalist politicians or the Catholic church, although he says he has nothing against individuals or their right to a particular viewpoint. "It seems to be all right for a Roman Catholic to aspire to be part of an all-Ireland but it seems to be a sin for us to aspire not to be. I can't have a dual passport."

Does he shed a tear when he hears of a IRA terrorist who has been killed by the security forces? "I grieve genuinely that a person has been cut off and taken out into eternity but I realise that a person who espouses violence and murder as a means of achieving a political end can expect to die by the sword."

He is not a good European but turns to Biblical prophecy for comfort. "The fall of the system, yes, the European Community and the fall of Romanism. Read the 17th chapter of the Book of Revelations. You get a wonderful view of the fall of Babylon."

Within the DUP he is taken most seriously. During the summer "round-table" talks engineered by Brooke he is widely regarded as having urged Paisley to stand resolute behind the DUP's demands – to the despair of more moderate colleagues. Some believe he might eventually succeed Paisley, now a close friend.

Compared with his politics, the best-selling, "singing Billy" is a far softer character. Positively soapy, in fact. But he taps a rich vein of fans, stronger still than his popularity as a politician. In spite of having no formal training, there are silver, gold and platinum discs framed on his sitting room wall.

"The best key to be in is B natural", he says. The style is "country 'n' gospel" which means hymn tunes or Biblical themes set to a twangy country 'n' western backing, "in the way that I feel the Lord wants me to present it". He has recorded more-or-less an album a year for two decades, usually in Nashville, Tennessee.

He has no reservation in expressing his love for Jesus Christ. It is pure, unadulterated and unsophisticated. His first producer tried to mould him. "They were trying to change my ministry and put in it something which wasn't me and I said, 'Lord, give me the grace to stand up against this, give me the strength to say no.' And I did. That was the best decision I made in all of my singing."

What you get is almost the pure, heart-opening McCrea: "Majesty, worship his Majesty. Unto Jesus be glory, honour and praise," run the lyrics of one.

It is almost, but not quite, McCrea. As we neared the end of our conversation, I asked if he were not, in fact, a grumbler at heart? Whenever he speaks – in Parliament, on television, even here in the comfort of his sitting room, he is on the defensive, full of demands.

He looked shocked at first but, to my surprise, did not deny the charge. He believed in self-improvement: "Maybe someday I'll be able to come on and tell you all the good things that are happening."

One day, perhaps.

McCrea: a Presbyterian fundamentalist whom you cannot laugh at

The aftermath of the war in Kuwait is still keenly felt by some Britons

The hostage saga that still goes on

Jadranka Porter on the Britons who remain trapped in Kuwait

WITH THE return of Terry Waite the British hostage saga was thought to be over, but the last of British hostages in the Middle East have yet to be released.

A number of Britons who were last year held hostage by the Iraqis were trapped again when they resumed work in Kuwait earlier this year. The irony of it is that their captors are Kuwaitis, for whose freedom British soldiers died.

Driven by what is perceived as greed, insecurity and congenital suspicion the Kuwaitis, who last year saw their power and some wealth vanish overnight, are trying to claw back what they think they are owed. As if the persecution of Palestinians and the stateless Arabs for alleged collaboration was not enough, they are now meting out some rough justice to the allies as well.

In a form of bonded labour several Britons have been forced to work out their "debt" before they are set free. Their punishing experience, first at the hands of the Iraqis and now the Kuwaitis, has finally moved the Foreign Office to intervene on their behalf.

At the centre of this saga is the state-owned Kuwait Oil Company, before the invasion one of the best employers in the country, whose staff enjoyed rare privileges.

KOC, the production arm of Kuwait Petroleum Corporation, formed the backbone of its oil industry and with its control of the wells became the main target of Saddam Hussain's plan to destroy Kuwait. During the Iraqi occupation the KOC lived up to its pre-invasion image. It said it had a moral obligation to help the families of its men held in Iraq as human shields or hiding in Kuwait.

"We were the only Kuwaiti company looking after the families during the crisis," says the manager of the KOC's London office Abdulla Al Abdulrazzak.

The company offered a living allowance to hostages' families and paid mortgages and rents as well as school fees. Since the then Finance Minister, Sheikh Ali Al Khalifa Al Sabah, gave assurances that Kuwait would honour its contracts. This was understood to be a payment in lieu of salaries. The families were heartened when ROC offered flowers and reassurance in their moments of hopelessness.

The change came with the liberation. The payments stopped in April but the Britons were told to be ready to report to work. Those who were recalled were in for a shock when in a sudden change of rules they found that their contracts were no longer valid. Large deductions from their salaries were made, and explained as repayment of the cost of supporting the families during the crisis. The company claims that the payments were advanced against benefits settlement.

Disgusted and angry, several decided to leave Kuwait only to discover that they could not get release letters or exit visas.

It took David Hudson, KOC's superintendent of maintenance planning, five months to get his. Hudson, who has landed another job overseas, left behind at least three colleagues who have been prevented from leaving.

Other Britons who have not settled their pre-liberation bills and loans face captivity for the second time in less than two years. All the debts have been punched into the airport computer to make sure nobody escapes the law.

In the months after the liberation the British government seemed impervious to the hostages' pleas for help. Jimmy Smith, who refused to risk a return to his work at KOC's Ahmadi hospital, was told by the Foreign Office: "We don't deal with individual cases. If you don't feel well go to your GP, and if you have no job ask for unemployment benefit."

The British government dismissed the hostages as simply unemployed and, according to support groups, wanted to sweep the issue under the carpet. Not until October, 10 months after their release, and only after a special study showing that one in four hostages still suffer psychological problems and need professional help did the government take their plight seriously. It allocated funds for special trauma units, agreed to meet hostages for consultations and to deal decisively with the Kuwaiti employers.

The Foreign Office summoned the Kuwaiti ambassador and according to a source close to the FO "gave him a dressing down" about the KOC's treatment of Britons. The Foreign Office also went directly to the company according to Abdulrazzak.

Since then the KOC has decided to suspend the deductions from the salaries of Britons "with a view to writing them off." But Abdulrazzak denies that any Britons are held in Kuwait against their will.

"We are not a terrorist organisation, we are not holding anyone against their will," he says. He admits though that after the liberation the company was slow to respond to people's complaints and operated in an "organised chaos".

"We are solving the problems as we go along," he says. But there is still confusion about new contracts and redundancies. Abdulrazzak says the new contracts are for one year only and offer bachelor instead of married status and frequent holidays.

He announced there would be redundancies among about 50 Britons who are still waiting to be re-employed. This is part of an overall plan to cut staff by two thirds because the company's production facilities including its 700 oil wells, were destroyed in the Gulf war. Three thousand workers have already been laid off or left of their own free will. A group of 15 Britons has engaged a solicitor to sue the company for breach of contract. The solicitor, Paul Bacon, from Nottinghamshire, says he will try to settle out of court. Failing that he could resort to litigation in British courts.

■ *Jadranka Porter was a journalist in Kuwait who stayed throughout the Gulf War. She is the author of a book* Under Siege in Kuwait – a Survivor's Story, *published by Victor Gollancz, in June last year.*

Up for sale

■ Continued from Page I

into a lusty, uninhibited drinking binge. We toasted the past, the present, the future. We toasted our parents, our children, our friends, each other. We toasted Great Britain, we toasted Russia, we toasted any country we could think of. And with each toast we tossed down small tumblers of ice-cold vodka.

Through the afternoon, in ragged succession, the men in baggy suits disappeared upstairs, girls in their arms and room keys in their hands. But finally, another kind of sensuality, some sort of deeper racial communication, surfaced through the laughter and alcoholic fog. By the time the soft light of evening crept over Lake Sevan, we were deep in remembrance of the fate of Armenia.

We drank in memory of countless invasions of Armenia, of Turkish butchery, of Soviet oppression, of diaspora, droughts, earthquakes, and endless suffering. We were drinking for the relief of Armenia's pain. We danced, hands outspread above our heads. We sang, tears rolling down our faces. The ultimate end of the evening was not titillation, but commiseration.

□□□

The next day, we are all dreadfully hung-over and Rosa's kitchen, not so mysteriously, is full of good things to eat. Once again Rosa is smoking at the table, Natasha is knitting and swearing, and Anna is putting on make-up. I sit there watching and thinking sadly of Anna's question to me.

The truth is that, despite the make-up, the wild evenings, the drink and the men, life for these women *is* dull and dowdy. It is as cramped, cold, and unlovely as the flat that we are sitting in or the city that surrounds us.

From an armchair in a more comfortable flat, in a more prosperous city somewhere in the West, the collapse of the communist system may appear highly desirable. It may even look glamorous. But closer up, there is no glamour, there is only pathos. For with it has come a collapse of moral authority, social concern and, ultimately, human values. Rosa, Natasha and Anna did not deserve communism. But neither do they deserve the new order which, for a long time to come, may prove to be no order at all.

As They Say in Europe/James Morgan

AFTER Christmas there were suddenly these bunches of letters. CEI, CSI, GUS – they all meant CIS or Commonwealth of Independent States. On the continent the acronyms were accepted at once – perhaps because the word "commonwealth" exists only in English and Russian and must be rendered as "community" in other languages.

In Russia it is clear that the new organisation is not seen as one that matters. In Moscow, *Kuranty*, the liberal daily, summed up the changes: "The world saw Gorbachev off in a respectfully reserved manner but without sentimentality, not only because everyone was reconciled to the change of scene in the Kremlin, but also because our foreign partners will not have permanent allies but rather permanent interests in Russia. Their interests coincide with our state interests in many aspects. Russia alone can exercise to the full the role of a Eurasian bridge as an alternative, rather than an antagonistic, centre of world influence."

Kuranty concluded that the West would do all it could to shore up Russia's great power status: "It appears ready to cover our backsides here too. From a high moral viewpoint it is inadmissible that Russia should be admitted anew to the United Nations, kept in the Security Council, or invited to join in talks that have been underway for some time. The West is awaiting Russia's assurances about paying off debts since the bankruptcy of a great power can bring about considerable changes on the international scene."

This mixture of studied incoherence, demotic vulgarisms and a Chekhovian insouciance in the face of disaster is a feature of the Russian press today. It is not enough to sustain all those experts who used to make a living trawling the barren oceans of *Pravda* and *Izvestia* editorials but it is a sight more interesting.

■ *If* the Russian press is refreshingly new, the German has gone back to another era. There is nothing like the advent of a new year to depress the Germans. The turn of this year is associated with the legislation allowing people to look up their old *Stasi* files. That is really going to set the cat among the pigeons. The East German secret police kept many miles of documents on 4m of its own citizens and 2m westerners. People can now look up their own files on demand. There has already been a notable case of an outspoken woman who found the *Stasi* was kept informed on her activities by her husband.

So we have seen the re-emergence of that archetypal German word – *Vergangenheitsbewältigung*. It means overcoming the past and was used formerly to describe the responsibility of the first post-war generation of non-Nazis.

In *Der Spiegel*, historian Eberhard Jäckel wrote a piece entitled "The double past" about the relationship of the Germans with their history. He feared that the revelations of the horrors of the GDR could vitiate the memory of the horrors of the Nazis. He concluded, "We can only become one people when we come clean about our double past, and that can be done decently only when we differentiate our history in sober comparison. In this context unification has thrown us back into the 1950s. There is yet again much to do."

■ A British businessman and private detective were found in Geneva to be investigating illegal sales of arms to Iraq. Both have been arrested. *(Neue Zürcher Zeitung).*

■ *James Morgan is economics correspondent of the BBC World Service.*

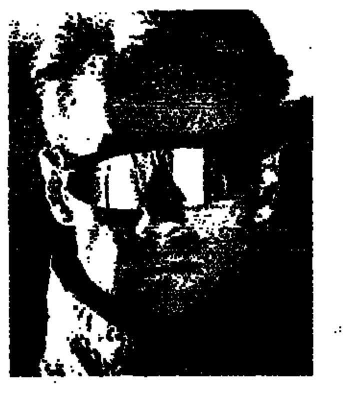
A new look for the piste de resistance

Snow is falling, the skiing season is upon us. Lucia van der Post picks the best gear for the slopes

FOR THE dedicated ski fan this winter has brought the best news for years. In New Zealand they have just had more snow than many skiers ever remember, while from Aspen to Alpbach and Avoriaz the snow is falling, falling, falling. By now you are unlikely to need any prompting – you are probably one of the thousands who have rushed to give the ski-tour companies THEIR best season for years.

You may, however, be a mite concerned about what you should wear. Has a new fad or fashion sprung up that you have yet to discover? Never fear. Fads and fashions come and go and most of us can take them or leave them without any disastrous consequences. *What really makes* the difference, particularly when it comes to skiwear, is technology – it has this habit of marching on and leaving some of us marooned in what was once the *dernier cri* and now turns out to be very *vieux chapeau*.

The real problem with skiwear is that it has to cope with a vast range of weather conditions. Nevica, a highly-regarded skiwear manufacturer, sums it up perfectly in its latest brochure: "It could be -20°, a whiteout and snowing hard. It could be still as night and shrouded in mist. It could be baking hot and thawing all around. Or it could just be that perfect day with untracked, fresh powder and glorious sunshine." It could . . . it could. It could also be all four in the course of 24 hours.



When it comes to that essential accessory – sunglasses – the wrap is the shape to go for: apart from being this year's fad they give much better protection from dangerous rays than ordinary sunglasses. This pair by Block sports Gamma reflective lenses which may look a bit sinister but give good visibility and high protection. £27.99. from good ski shops including Snow + Rock.

So what do you wear? The real answer is the best that you can afford.

The experts seem to agree that there is nothing to beat Goretex for keeping the wet out and the warmth in. The problem is that it is expensive, so several companies have produced less expensive fabrics which have some of the same qualities – Tenson, for example, uses a textile called Airpush which has microscopic hairs on the surface of the fabric to trap air and keep water droplets out. The Japanese company Descente uses Entrant, and so on.

For wearing under shellsuits or waterproofs Fleece has to be the textile of the cold climate set – made from 100 per cent polyester, it is used by many manufacturers, including the ultra eco-chic Patagonia, and combines great lightness with softness and warmth. If you do not need a whole garment try a fleecy neckwarmer for £10.99 – it keeps the draughts out, adds *warmth and on cold lifts you* pull it up around your ears.

You may or may not be relieved to know that the fashionable florescent look of a couple of years back has died a terrible death. Colours are more muted, much more chic.

In Euro ski circles skiwear has come full-circle – the sleek ski-pants or leggings topped by an anorak or parka which have been seen on the smartest urban streets are now to be seen again on skiers' backs, where they came from in the first place. In the US the skisuit still reigns supreme.

If, back home, you wear Doctor Martens, black Levis and leather jackets then the right-on piste-cred name to look out for is Mambo – needless to say it is heavily into black. Bad Boys and Oxbow are two other names to look out for – both go in for clothes that could transfer happily from piste to street.

There are some fun new gadgets to look out for, all stocked by Snow + Rock and other good ski shops. If you have always wondered if you were going as fast as you thought you were the ski-pole watch (£9.99) will tell you.

Cat tracks prevent you slipping on ice – you put them on over the sole of your ski-boots. £10.95.

For the cold-feet sufferer there is the Hotronic (£79.95) boot-heater. insole is slipped into the boot and is connected to a battery-pack clipped on to the back of the boot. It can be taken in and out easily and put into, say, climbing or walking boots. Salomon has ski boots with a polar fleece lining – Force 7 costs £199.50 and Force 9, £234.50.

Finally, in skiing circles it is never long before talk comes round to Knees and their problems. Help is at hand. Snow + Rock has joined forces with a team of sports physiotherapists who will fit customers with a rigid frame brace called an MVP.

Dion Taylor, a ski buff who works with Snow + Rock, has a torn cruciate ligament, one of the most common skiing injuries, and he tells me that ever since he took to wearing an MVP brace he skis with scarcely any problems at all. The £299 fee includes the consultation and the brace. For £520 there is what could be called a Rolls-Royce service which offers a similar but slimmer and stronger brace.

Those who keep office hours might appreciate that Snow + Rock at 188 Kensington High Street, London W8, is open on Sundays (until Easter) from 11 am to 5 pm. The branch at 150 Holborn, London EC1 is open until 6 pm six days a week and the Birmingham branch (14 Priory Queensway) opens until 5.30 five days a week, except Thursdays, when closes at 6.30 pm. It also has an excellent mail order service – ring 0753-830868 for a free full-colour catalogue.

One of this year's major skiwear themes from Chervo – a blouson jacket with a white body and 'silky' inserts. It has lots of pockets and a detachable *imitation fur* hood. In 54 per cent polyamide and 46 per cent polyester, £379 from Snow + Rock branches.

From Luhta, a Finnish company which specialises in fashionable, extremely reasonably priced skiwear made from a combination of cotton and polyamid (you should take great care over how you clean it – ideally wash it by hand), come the two current looks – the tapered ski pants (£61.50) and large jacket (£173.95) and the one-piece suit (£246.95).

There are lots of colours – black, red, pink, turquoise and lilac.

Available from all branches of Olympus Sports, Blacks, Ellis *Brigham, Snow + Rock and* Harrods' skiwear department.

Backhanded compliments

SOME there may be whose New Year resolutions revolve round weighty matters – mastering the finer points *of the Maastricht summit*, resolving the paradox of Schrodinger's cat or climbing Mount Kilimanjaro. Then there are those who plan to lose a stone or two, give up smoking, be a nicer person – you know the kind of thing.

Me, I have just one simple resolution: I would like once, just once, to beat my husband at tennis. It is not that I do not get near to it. I do, very near. There I am almost home and dry, leading five games to one, with my serve to come, when from the other side of the net I am aware of something stirring.

The unconsidered forehands, the casual cricket drives from inside the back line, the double-faults, the inadequately lifted lobs dry up – in their place comes a maddening array of what I call dirty tricks but could perhaps more sportingly be described as clever shots.

There are balls hit deep to the backhand corner where they winkle out the inconsistencies in my new double-handed backhand, wicked little cuts to the front of the court that spin off side-ways and, most maddening of all, balls that stop dead in their tracks. In no time at all it is seven games to five – to HIM. Again. With the second set he takes no chances and closes it out 6-1 or 6-2.

As you can see, I need help. Two summers ago, HTSI readers may remember, I took myself off to the Pierre Barthes tennis school at Cap d'Agde where nice Alain took my game apart, pieced it together again and sent me back home. It was worth it – He with the beastly repertoire gets the odd *fright or two and has to bestir* himself to beat me, whereas it used to be a piece of cake.

Who better to take my problem to than Roger Taylor, once the golden hope of British tennis, now sage and guru to tennis hopefuls of all levels?

Chewton Glen, on the fringes of the New Forest in southern England, is the plushest of plush country house hotels. Having installed two splendid indoor courts to supplement its outdoor one it has started a programme of occasional tennis week-ends where Roger Taylor himself runs the clinics.

You arrive as early as you can manage on a Friday afternoon but whatever you do try not to miss (as I did) the Friday practice session, which runs from 4 pm to 6 pm. I arrived just in time for a *tip-top dinner and found some* fellow pupils already discussing the finer points of each other's shots.

On Saturday morning the real business begins. Four to a court, two courts in all, with Roger and Matthew Salisbury (the hotel's resident tennis supremo) in charge, the programme begins. In two groups of eight, we play for two hours in the morning, two in the afternoon. Forehand, backhand, cross-court, down-the-line, forehand, backhand, cross-court, down-the-line. Little games are played. Some points won, some lost.

No white hopes of British tennis here but nor is anybody a real duffer. We all seem much of a muchness, tolerable club players all, and though I am not the best my mortal fear of being the one nobody wants to play with is not realised. Everybody is very, very keen. Nobody is there to fool about.

Roger Taylor manages to seem interested in each and every one of us. Our little triumphs are greeted with delight, our difficulties taken seriously.

As the weekend progresses every aspect of the game is tackled – from the proper grip for the serve (hold the racquet as if you were going to chop wood), how to add a bit of kick, where to stand in doubles. In between we head for the swimming-pool, dining-room, jacuzzi, gym, or we lie in the treatment rooms having our stiffness soothed away.

The course is not cheap but then you are getting the expertise of a great player as well as the real luxury of Chewton Glen. There are, I suppose, *cheaper ways of* trying to improve your tennis but I cannot think of any that are more fun. And no, I haven't beaten him yet but I will, I will . . .

■ The next two tennis week-ends at Chewton Glen with Roger Taylor will take place on February 14 and 15 and March 13 and 14. Write to Chewton Glen, New Milton, Hampshire, England BH 25 6QS. (Tel: 0425-275341.) Prices are £140 (exclusive of VAT) per person per day which includes rooms, breakfast, lunch, dinner and tuition.

L v d P

Wine

A world of bargains for every palate

Jancis Robinson suggests a wine buying strategy for 1992

NATURE seems to be helping Brussels break down Europe's trade barriers. Last year's frost-shrunken harvest in western France, especially of white wines, has had all sorts of interesting side-effects on a hard-pressed industry. Smallholders in the Loire who depend on the disposal of their white grapes or wine for their annual income are probably suffering most. Some of France's larger co-operatives and commercial merchants have been looking, with varying degrees of enthusiasm, over the Pyrenees for white *wine to flush through their idle* bottling lines.

This has led to a change of emphasis for the Midi's militant vine-growing tendency – from anti-Italian to anti-Spanish – and the odd spot of bother in Carcassonne for northbound wine tankers.

Safeway has been saving money by using bottling facilities of the Plaimont co-ops in Gascony on its own-label white Spanish Penedes (£2.69). Some of the larger Loire companies are offering white La Mancha – through gritted teeth – on the principle that at least there is no shortage of this dry Spanish white, unlike the local Vouvray or Muscadet.

CHEAPER WHITES

Most of the dry Spanish white available in the UK, especially that labelled La Mancha, is very good value, the produce of the handful of large companies which have invested sufficiently in modern winemaking technology. There may be little real character in the wine but for £2.49 from Sainsbury's, for example, it delivers an extraordinary *degree* of vibrant fresh fruitiness – just the thing for those who used to buy Vin de Pays des Côtes de Gascogne which is in short supply.

A little further up the price scale, forget the elastic-edged Muscadet region but seek out finds from the highways and byways of what is loosely termed "regional France."

Just as we had all finally been convinced that white bordeaux was a jolly good thing – sulphur, under-ripe Sauvignon and dirty wood all things of the past – the frosts decimated the 1991 crop. If you are a fan, it is worth snapping up the best 1988s that remain and the fine 1990s. Oddbins and Thresher/Wine Rack have a better selection than most.

EVERYDAY RED

The shortfall (and less-than-thrilling quality) of 1991 red bordeaux matters less at the bottom end of the market which is still awash with jolly good wine made in 1990 and 1989. Even at the lowly level of AC Bordeaux, on sale here for around £3 a bottle, there is much pleasure to be had – indeed there is a great deal of sense in buying these, generic commune wines and petits *châteaux* clarets from the super-ripe 1989 and 1990 vintages to drink now, although traditional merchants would rather sell their stocks of tough 1988s first. The high street chains and supermarkets offer best range and value at this modest level.

Also good value, at under £4 a bottle, are many of the *southern Vins de Pays from* unfamiliar and parochial Pays. Quality of these was excellent in 1989, 1990 and even 1991. For full-bodied reds under £5 look to the Côtes-du-Rhône 1989 and 1990. Oddbins has a clutch.

NEW WORLD

Those looking for a wine to mark 1991 will either have to wait until the port vintage is declared (as it undoubtedly will be) in 1993 or look to California where the signs are that quality was exceptional for reds – at least as good as 1987 and possibly as good as 1974. The California wine industry is shaky and competition from Chile has pushed down the price of Cabernet grapes, so in the medium-term California wine should seem less outrageously priced – surely?

Australia continues to offer keen prices and is tackling the need to offer an array of styles. Some of my favourites are the subtlest Chardonnays which meet Old World classics head on but at about half the price, such as Bannockburn (Oddbins), Dromana Estate and Mountadam (Haughton Fine Wines of Nantwich), Leeuwin Estate (Domaine Direct, London WC1) and Seville Estate (Raeburn of Edinburgh).

GRAND WINE

Last year's vintage yielded precious little to offer futures in *this spring*. Will the wine trade survive a year without an *en primeur* campaign to keep the cash flowing? Expect to see extensive discounting of fine wine (Laytons of London NW1 cut its prices on selected 1989 red and white bordeaux as long ago as November) and sales of larger-than-usual bin ends. This is a good time to stock up on the exceptional claret decade just past: 1987, 1985 and 1983 for current drinking; 1989, 1988, 1986 and 1982 for future pleasure.

It will probably be many years before we see another run of great sweet wine vintages half as good as 1988, 1989 and 1990. Buy Sauternes and mid-Loire wines for the long term; Alsace, Jurancon and Monbazillac for the medium term and fine German wines at all ripeness levels for current and future thrills.

Low prices mean wine sellers' cellars stay full

Rhône 1989s and 1990s from the best estates are far more likely to disappear from the market than to disappoint, and Châteauneuf-du-Pape has to be the world's most user-friendly full red. Prices of most burgundies still look like obscene relics of the inflated 1980s but serious collectors will want to buy 1990 reds and 1989 whites from the top domaines. The Beaune merchants' cellars are reputedly piled high with unsold stock; can no one negotiate a deal? For now, Mercurey, Givry and Rully offer best value by far.

AUCTIONS

Falling prices in the saleroom are all very well, except that they keep potential stock out of it. There are bargains to be had at Christie's and Sotheby's in 1985 and 1986 clarets, vintage port and such fine German wine as come under the hammer – at prices that we will never see again – but be wary of bottles which have crossed the Atlantic twice.

Cookery

Carrots to cleanse one's conscience

THE DAY of reckoning *is nigh, I mean the* 12th day of Christmas when most of us feel a little fat and queasy. This is the season when health farms and spas rake in the bookings. Half the population of France will be murmuring *"mon pauvre petit foie"* while on the British side of the channel the sales of Alka Seltzer and Rennies must reach a peak.

I love the architecture of Bath, I enjoyed *L'Année Dernière a Marienbad*, and I once had a a strange encounter with a *News of the World* type of vicar in a little known Scottish spa, but the idea of actually taking the waters, like visiting a health farm, jogging and pumping iron, is alien to me. I prefer the notion of a brief cleansing spell of meals majoring on carrots, lettuce and spring water taken in the privacy of my own home.

Carrots and spring water sound horribly abstemious, and I am sure they could prove a penance, but there is no reason why their consumption should not be pleasurable. Health considerations and pretty designer labels apart, bottled water usually tastes better than tap, which, in my area, seems to be dosed with Olympic swimming pool-quantities of chlorine.

As for the carrot, it may be one of our commonest and cheapest vegetables but it is also one of the best gastronomically at this time of year – colourful, richly flavoured and sweet – and of course full of healthy virtues (bursting with fibre and vitamins A C and E).

The carrot dish that sounds ideally suited for serving now in this low-key New Year resolutions week is *Carottes à la Vichy*. The spa kitchen title suggests an austere little recipe designed to cleanse, purify and tone the body, mind and spirit, and the method does indeed call for cooking the carrots in spring water. But there is more to it than that. A king *size nugget of butter and a* spoonful of sugar also go into the pot, and it is their presence, reduced to a syrupy glaze at the end, that give the dish its delectable character.

If you are serious about making up a little for extravagant eating over Christmas you would do better to tuck into the no-fat crunch of a grated carrot salad simply dressed with the juice of an orange and a pinch of zest. As it happens I relish a plain salad like this but if it strikes you as too rabbit food for words, try adding a grating of ginger and a scattering of seedless white grapes, or a bulb of Florentine fennel cut into slivers, or a handful of fresh chopped herbs.

A mixture of mint, lemon thyme and parsley is good. Add wild rice, burgul or couscous for a more substantial bite, or offer something bready on the side. Good choices for non weight watchers might be hoummus with strips of hot pitta bread, rounds of tapenade-topped ciabatta, and wholemeal toast spread with crushed sardines.

Also to be recommended is a hot carrot pureé soup, particularly if it is spiked with orange and bay or elusively-scented cardamom. But my favourite carrot dish of the moment, one that exudes a hint of opulence rather than budget-beating penance, is a Turkish-inspired pilav. Do not expect to lose weight by eating it.

CARROT AND CARDAMOM PILAV

(serves 5-6)

This is one of those relatively rare dishes made without meat that makes me think, briefly at any rate, that I would be happy to stop being a carnivore. Having said that, I must admit that it is not only worth eating as a dish in its own right, but it also makes an unusually good accompaniment to roast pheasant, guinea fowl and quail, in which case the quantities given here will serve many *more people, of course.*

1 lb carrots, scraped and coarsely grated; ¾ lb rice, thoroughly rinsed under a cold running tap to wash away some of the starch; the seeds from 15 cardamom pods, crushed with pestle and mortar; 3 tablespoons extra virgin olive oil; 4 shallots, chopped; the finely grated zest of 2 oranges; 2 rounded teaspoons honey; 1¼ pt good stock; 3-4 oz split and well toasted almonds.

Warm the oil in a large flameproof casserole and soften the shallots for 2-3 minutes. Stir in the crushed cardamom and the well drained rice and cook gently for 3-4 minutes, stirring occasionally.

Add the carrots, orange zest and a good grinding of black pepper and stir continuously over medium-low heat for two minutes to warm the carrots and anoint them with fat.

Add the honey, hot stock and a good pinch of salt. Stir to mix and bring quickly to the boil. Cover tightly and simmer over the lowest possible flame for 12 minutes or until the rice is cooked to your liking.

Drive off surplus liquid at the end if the pilav is sloppy, or moisten with a splash of hot stock enriched with an extra spoonful of oil if the mixture is too dry.

Check seasoning, stir in the well-toasted nuts and serve with a salad on the side. Chicory and orange go particularly well – and tidily use up the flesh of the fruit whose zest has gone into the pilav.

Philippa Davenport

TRAVEL

Heavenly skiing in the very jaws of Hell

***Arnold Wilson** skis in the shadow of the Eiger — one of Europe's most lethal mountains*

THERE IS a magnificent off-piste run, the White Hare, which starts at the very base of one of the most terrible mountain faces in Europe — the fearsome North face of the Eiger. When I first skied it, I discovered to my horror that while I was cavorting in the powder, two Korean climbers were freezing to death somewhere on that awful slab of granite. They were the latest of many to perish on this monstrous wall.

The Eiger and the quintessential Swiss alpine village of Grindelwald have always seemed bizarre neighbours. Separated only by the kind of meadows through which Shirley Temple once gambolled as Heidi, the mountain has always represented terror while the village oozed cuckoo-clock contentment.

In a sense, to gaze at the Eiger from Grindelwald is to look at Hell from the portals of Heaven. In 1935 two German climbers, Max Sedlmayer and Karl Mehringer, studied the mountain with a mixture of fear and elation. They were the first men to try to scale its dreaded North face. On a quiet Sunday morning in August they froze to death on the upper rim of the third ice-field at 10,800 ft, a spot which came to be known as Death Bivouac. Less than a year later, Edi Rainer, Willy Angerer, Andreas Hinterstoisser and Toni Kurz were all killed retreating down the face.

Kurz's death was particularly distressing. His would-be rescuers, arriving too late in the day on the ice-glazed face, had to leave him, with one arm already rigid with frostbite, another night hanging from a rope after getting near enough to hear him shout: "I'm the only one alive. Hinterstoisser came off and fell the whole way down. The rope pulled Rainer up against a snap-link. He froze to death there. And Angerer's dead too, hanging below me, strangled by the rope when he fell."

The following day, a Herculean attempt by Kurz to climb down to Angerer's corpse and cut him free failed tragically at the last moment when he couldn't squeeze a knot through a snap-link. Kurz, all his energy drained, died there and then. Since the first successful conquest of the Eiger's ruthless North face in July 1938, dozens more climbers have died there.

The Eiger has no mercy.

If you make a mistake on this sheer and gigantic slab of rock that rises to 13,041 ft and dominates the Grindelwald skyline, you will be lucky to escape with your life. Whether you die or survive could depend on people like Ueli Frei, a 45-year-old mountain guide.

Like so many real-life heroes, Ueli Frei comes across like an avuncular, unassuming sort of fellow. In the book *The White Spider*, which chronicles both the terrible and the triumphant attempts on the North face, Heinrich Harrer, an Austrian climber who was a member of the first successful assault on the North face, describes this rare breed thus:

"They were wiry, well-trained types, men with frank, wholesome faces. Not theirs the steely iron-hard features of legendary heroes, or of film-stars of a certain stamp. One would hardly have noticed them in the ordinary way."

Although Harrer was describing Sedlmayer and Mehringer, the first climbers to perish on the fearsome wall, his description fits many of these quiet mountain men, including Ueli Frei. Since joining the Swiss mountain rescue team in 1974, Frei has achieved several climbing firsts in the Jungfrau region — including the North face of the Gutzpfeiler, which is even steeper than the Eiger's North face — and played a key role in dozens of rescues, including no fewer than 12 on the Eiger wall. In many of them he has had to be winched on to the face by helicopter.

In November 1977, after a Spanish climber had broken both his legs in an accident, severe storms delayed rescue by five days. By the time Frei and his fellow guide Edi Bohren were lowered on to the face, the injured climber had been on the mountain for 11 days.

In 1984, Frei became head mountain guide for Powder Byrne, the British tour operator, and has run their powder courses ever since. Last year I joined one of his groups. Now the helicopter had become an instrument of skiing pleasure instead of a vehicle to deliver stricken climbers from pain.

Skiing near Grindelwald: nearby looms the terrible Eiger

Our small group of five, a former army officer, Robert Williamson, and his wife Iona, and two jewellers, Nick Silver and Pippa Galpin, plus Ueli and myself, had a spectacular canvas of untracked, virginal snow on which to fashion our tracks: the beautiful mountains on the other side of the Eiger in the Bernese Oberland. Two of the classic descents — from Rosenegg, 11,972 ft, and the Sustenhorn, 11,490 ft, are reached by helicopter.

Another — an exhilarating descent through the chillingly beautiful Fiescher glacier — can be reached via the Jungfraujoch, a shoulder of the Jungfrau at 11,329 ft from which Europe's longest glacier, the Aletschgletscher, meanders grandly into the distance.

To reach the Jungfraujoch you take a truly remarkable journey on the Jungfraubahn, Europe's highest rack railway. On its way to the Jungfrau, the track curls its way into the Eiger, through the very North face on which so many climbers' nightmares and triumphs have materialised.

The train stops at two halts hewn into the rock, and from these you can gaze out through gallery windows at the extraordinary climbers' eye-view of the lower half of the sheer face. It is an un-nerving feeling. From the higher station, the Eigerwand, rescuers can climb out through a door on to the mountain face.

From the Jungfraujoch, there is some gentle skiing for half-an-hour down the Aletschgletscher before you reach the first major cross-roads of the glacier, the Konkordiaplatz. Here you fix nylon skins to your skis to enable you to climb without slipping backwards, and begin the 2½-hour slog up to the Grunhorlucke.

From the summit, after an exhilarating descent through a massive snowfield, the Fieschergletscher, one of the most beautiful glaciers it is possible to ski through, beckons you into its maze of icy ridges, slabs, snow-bridges and crevasses. Without Ueli, you simply would not make it.

Like a wily fox, he sniffs out a route. Sometimes the path he chooses looks like a dead end, or veers off in the opposite direction from the one you would expect. On one occasion we inched our way along a ridge with crevasses on both sides.

It was difficult not to feel scared. Ueli grinned. He had seen it all before. Few skiers are privileged to visit this glacier. It could be on another planet. Yet the resorts of Grindelwald and Wengen, teeming with recreational skiers, are only a few miles away. As we glided this way and that, we finally exited from the icy maze and headed on across the snow scrublands of the Fieschertal valley.

Finally the snow ran out, and we faced a gruelling but invigorating walk down to the pretty village of Fiesch, where there was just time for a cold beer at the railway station. Although we had skied in pretty much a straight line, the journey back took two train and two car rides to reach Grindelwald.

The next day we did it the easy way, by helicopter. The gleaming machine clattered us deafeningly from Mannlichen up into the giddy and jagged world of mountain peaks interspersed with cliffs, columns, cols, cornices and crevasses, before setting us down at Rosenegg.

The descent took us through steep, deep and virginal snowfields first. Even Ueli was grinning. "Ski to my right," he instructed us, "and watch out for the *wulperdings!*" The wulperding is the local variety of the mythical "snow snake" which lurks just below the surface, intent on tripping up powder-skiers who get too cocky.

Later, as we reached the ice-fields, we had to be a lot more cautious. At one particularly awkward stage, where a fall would have sent us cascading down the ice across the glacier floor, Ueli roped us up and lowered us one by one to safety. We had skied for hours from one solitary helicopter lift.

Every time we paused and looked back we were greeted by a stirring sight: five pairs of tracks meandering down a beautiful snowscape of craggy cliffs, slabs of ice the size of buildings and vast glacial valley floors. Perfect powder was giving way, now, to perfect spring snow, which is much sought-after and is rather like skiing on tiny glazed ball-bearings.

We wanted to do the whole thing again, and with a helicopter it was a luxury we could indulge. The machine gave us a ringside seat as we re-traced our tracks in the powder, turn after turn, marvelling not so much at the satisfactory contours but at the complete isolation. Apart from our traces, signs of any other people were as rare as Yeti tracks.

At the end of the day the smile on Ueli's weatherbeaten face was as broad as ours. A remarkable climber and skier, there is only one challenge that eludes him — the North face of the Eiger.

"The best time to climb the wall is during August, September and October," he said. "This is also the busiest time for the mountain rescue service. But I am still keen to do it one day."

■ Powder Byrne is at 50 Lombard Road, London SW11 3SU, tel: 071-223-0601. It offers four different off-piste courses, including an introductory course, depending on skier ability. Each is led by a Swiss mountain guide.

PROPERTY

Mixed fortunes in the housing horoscope

What does 1992 hold for the property market? ***John Brennan*** *takes an astrologer's view . . .*

UNDERSTANDABLE caution pervades most previews of the 1992 property market. Yet, there is no shortage of data from which to form a picture. The trick is to blend the industry's more cautious, subtle and private views into the random time segments thrown up by astrological dates. So, let us see-in the year's housing prospects with the stars.

■ *CAPRICORN CHILL*
(December 22-January 21)
After the holidays, it is too chilly and icy for much viewing. Fear of the heavily-publicised world-wide 'flu epidemic keeps more people at home. *This is, however, a good time* for hardy hunters of the limited number of good country houses on the market in the lower to middle price range (£200-400,000).

Try to see the house at work *(ideally, by arriving unannounced one morning)*) and take the opportunity to talk with the owner; perhaps, even, to work out a deal. If he is afraid of values leaping just as he sells, you might – lawyer close *at hand* – *work out* a simple agreement where, a year later, you pay the difference (if any) in value of the house, less inflation and any improvements you may have made.

■ *AQUARIUS ARISING*
(January 21-February 19).
With pre-election political analysis proliferating, most people will have been educated to appreciate that the embarrassing little increase in interest rates (to preserve an over-valued pound's status on the ERM) is more of a technicality than a higher cost of money.

So, this is a good time for couples and families to get out into the high streets to look at all the great-value properties on offer. There are bound to be a couple of "just in" properties on offer in every sales agent's office. The blunt fact is that the rest are still listed because they have yet to sell at the asking price.

For a property window-shopper in February, when the nights still close in early, there will be little patience for anything but the neatest sales story. As for there being a wider choice of homes to sell, we hit the political wall. Few homes are expected to be prepared for the new sales season. Unless there appears to be some exceptional end-of-year performance, that new sales season will not be until after the election. Everything hinges on the man in the grey suit.

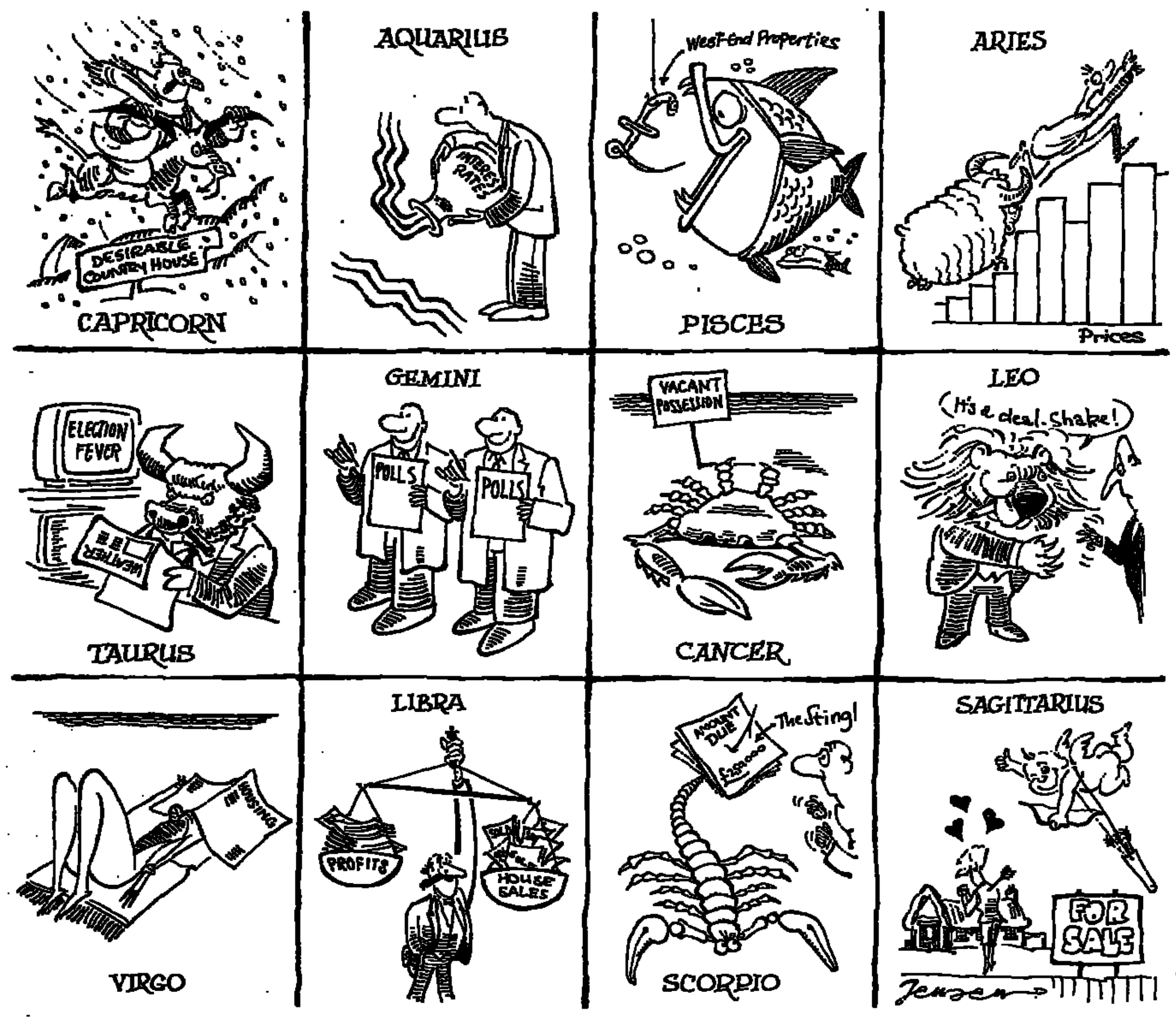
■ *PISCES SURPRISES*
(February 19-March 20.
News of impressive central London house and flat sales encourage popular-newspaper headlines to hint at a house *price revival. This has been a* regular feature of housing market coverage for years. The reality is that in this most specialised of the many layers of the market a number of the best connected and most ener*getic agents have used their* skills to keep selling a few high-value homes since 1988.

In fact, in this period the supply of super-prime property is thin. This real-life supply/demand imbalance at the top *of the town market stands at* odds to the number of dramatically advertised, super-luxury properties available in London today. The difference between the real and the public list involves extrapolating those *schemes that are on the mar*ket at prices aimed at bankers' and shareholders' eyes only.

Why should tales of big-number purchases in Belgravia have any impact on Barnsley? Because this is the "cheer-up" time of the *election* year. *In* any event, Conservative party-supporting newspapers will be snapping around the heels of housing industry chiefs to get a nice selection of "light at the end of a tunnel" comments.

■ *ARIES ASTOUNDS*
(March 20-April 21)
Against every rational argument, the housing "revival" ("boom" is banned) is here again. The popular newspapers trawl the country for tales of cheer and resale profits as building society researchers find that, allowing for reasonable mathematical error on a sample base that they would not like to elaborate upon, it does seem that property values do tend to go up, all things being equal.

Finding evidence of rising prices is no problem for a news reporting team aimed in that direction. This is also the time of year at which builders paste on their broadest smiles and trail exceptional items to end the financial year on a happy note. There is also the CBI, which may be sure, if asked, to have spotted that the recession is at an end and that all is well again in the economy.



■ TAURUS TORTURES (April 21-May 22), GEMINI JEWELS (May 22-June 22), CANCER CONFUSION (June 22-July 23)
Into the astrological void of a possible general election. An election would dash any artificial flurry of activity on the residential market, although housebuilders should be able to keep some of the extra viewers drawn out by the weather and the positive press comments. Talk of a revival may have to be artificial, but anything that draws a crowd helps the salesmen.

Once there is an election date, one can track the fortunes of the competing parties through opinion polls, and we are unlikely to be in much doubt of the outcome by the time it comes to a vote. Unless, that is, we have the worst outcome: an indecisive result and a hung parliament, where the balance of power is held by such conviction politicians as the Ulster Unionists. It is not the housing policies of the Ulstermen that would upset the residential property market, but rather the high probability of another election inside a few months.

A returned Conservative government would be a comfortable outcome for most of those operating in the private housing sector. It might have been the signal for an exodus of good people from the threadbare social housing system but for the evidence in December 1991 that John Major is a social housing man at heart.

A Labour victory would open the door for "innovative" housing policies. Having had most of the traditional housing controls cut away over the last decade, the process of redrawing a policy on the void would be fascinating. The main factor for most people, however, is that since we are tied to the ERM no domestic political party can woo us with "that old Black Magic of inflation". A Labour government used to mean a surge in inflation and a run on the pound; not any more. Those who create charts showing the impact of domestic politics on property values have had to stop and accept that the EC is indifferent.

■ LEO ROARS
(July 23-August 24)
Potentially one of the strongest home sales periods of the year – no matter who wins the election – as prospective buyers finally start to make offers. However, a greatly increased number of people will be *checking whether a rental does* not suit them just as well.

Most of the town and country properties that have been hovering in the wings for months before finding the right time to be "marketed" should come into view at this time. Launched to benefit from the shortage-induced price fillip earlier in the year, this avalanche of good houses acts as a bar on any increases in value for the rest of the year, and well into the spring of 1993.

This is good for vendors, good for buyers, good, in that it regenerates turnover, for sales agencies. The only confused sounds are in the background as headline writers try to say that the housing market is well again, but that prices are static or weak: "Housing Boom as Prices Slide" may hit the mark.

■ VIRGO ON HOLIDAY
(August 24th-September 23)
This is reaction time: reaction to the election, to the subsequent serious economic news (all heavyweight eco-news becomes increasingly hard to extract once the election campaign starts); reaction to the idea that something different might be happening. Unemployment and job security are unlikely to be much affected, but mortgage money may not be as cheap and easy to get.

There is no way of telling *how the mortgage lenders will* react to the pressure they have been put under to bail out bad payers. Whether that will make the lenders amenable to a lively home buyers' money sale at the same time is a moot point.

■ LIBRA LAUGHING
(September 23-October 23)
New statistics show that house prices nationally are 2 to 3 per cent lower than in 1991. On the other hand, the volume of sales is picking up by 50,000 transactions a month.

This is the real – but unremarked – turning point to the housing market, the low point of the slump in price and volume terms. However, from this time forth there can be none of the usual price surges or slumps. Thanks to our membership of the ERM, the bottom of the slump no longer presages a ride up the other side.

■ SCORPIO SALES
(October 23-November 23)
Now is the calm after madness, *the period when an overdose of* facts and counter-facts, offers and counter-offers, bargains and super-bargains wears off and reality becomes clear again. There are a great many new houses left unsold from last year and completed this year; there are plenty of repossessions and near forced-sale houses and flats. In the general housing market there will be ample stock for a more active set of buyers.

No one ever will have seen such a selection of quality country houses as the post-election surge leads to the release of every middle class homeowner's dream property. "Where do they all come from?" is the usual question when faced with a sheaf of sales details of manor houses and rectories. The answer is that they are many idyllic country homes in the UK, but this time around asking prices will be closely in line with what the vendors and agents think to be fair value. Long-distance bargain hunters would not be welcome.

■ SAGITTARIUS SMILES
(November 23-December 22)
The last few days outside the EC "single market" provides an opportunity for every TV channel, newspaper and radio station to "go continental." Having been only vaguely aware of how the other 11 countries live, our stalwart British homeowner now learns a great truism and loses a faith.

Our continental partners might have overtaken us in many things but, as every true-born Brit knows in their bones, Britain's housing system is the envy of the world. Seen through other's eyes, such as those who point out that half the UK's housing stock is past its fall-down date, it can be a shock to appreciate that what we see as a strength in the commitment to owner-occupation may be viewed by our neighbours as an eccentric expense. Growing knowledge about the different ways of treating housing in Europe will have an irreversible effect on the UK market as old truths are challenged.

A helping hand with holiday lets

BUY A holiday home in a development and you may lose out on privacy – but there will often be a management service to help with lettings.

However, buying a cottage in the middle of nowhere is a different matter. There are agencies that handle such places – but it will be up to you to find them.

A comparative newcomer to this field is French Country Lettings. Covering all of France would be a mammoth job so the agency draws a line from Dieppe down to the Languedoc and will take on rural properties anywhere west of that if they are up to standard.

Nicky Cambrook, who learnt about property with a London estate agency, started FCL in August 1990. "Our first season was fraught with war, high interest rates and recession," she says. "But now we are extremely busy."

She finds there is a demand for this type of agency and is building up a portfolio, from her present base in Somerset (0963-34066).

Ideally FCL likes to hear about properties for letting by September, which leaves time for inspection before inclusion in the following year's brochure, which comes out in November, although there *is* a spring supplement for later entrants.

The agency's first brochure has a variety of properties. There is a farmhouse with a 40 ft sitting room, in four acres, an hour from the coast in Brittany, a converted windmill with circular rooms. In the south, a village house in a hamlet in the Cevennes national park, north of Montpellier, is a conversion from a silkworm loft. It is on three floors and sleeps seven. This lets at £840 a week in high season, £500 in low season. At the other end of the scale a studio apartment in a modern block next to a marina on the Vendee coast, sleeping two, lets for £210 a week in high season, £115 low season.

FCL will only recommend, not stipulate, a letting figure. It requires owners to contract a property to it for at least the season (April 1 to October 31). During this period an owner may reserve six weeks, of which two can be high season, for his own use.

In addition a property can be offered, if an owner wishes, for out of season holidays. FCL *finds there is also a small mar*ket for longer term letting (six months or more) while people house hunt or decide if they would like living in France.

The agency charges a one-off registration fee of £50 plus VAT, to cover start-up expenses of featuring a property, such as photography and office administrative costs. Its commission rate is 20 per cent of the gross rental. This includes advising on rent and presentation, producing and distributing a lettings brochure, advertising, dealing with enquiries and bookings, collecting rent and sorting out any complaints.

Audrey Powell

■ In a *Weekend FT* article on Malta on December 7/8 last year, the amount of stamp duty payable by foreigners purchasing property in that country was incorrect. *This* was due to a computer error. The correct amount of stamp duty payable is 13.55 per cent.

MOTORING/GARDENING/SPORT

Is there a cure for this illness?

***Stuart Marshall** gets a peculiar complaint every time he drives a hot hatchback*

I AM suffering from a complaint you will not find in medical books. It comes on every time I slide behind the wheel of a hot hatchback. I call it motoring writer's schizophrenia.

It affects many people in my trade. The symptoms begin with exhilaration, which develops into euphoria, accompanied by sharpened reactions and heightened self-esteem. During an attack there may be phases of over-confidence followed by moments of acute apprehension. Once the attack is over the patient suffers feelings of guilt.

I have had several of them recently. The first was in France, when Peugeot let me loose in its new 106 TSi. It is a muscular little beast with a 100 horsepower, 1.4 litre engine under its shoebox-sized bonnet.

Next was in Wales when trying Fiat's 148 horsepower, 2-litre Tipo 16v. Then I had further attacks when living for a week at a time with the Renault Clio 16v (1.8 litres, 137 bhp) and Ford's latest manifestation of the Escort, the 2-litre, 150 bhp, 16-valve engined RS 2000.

Normally, I am not what you would call a fast driver. I aim to cover the ground reasonably quickly but above all smoothly, as a chauffeur might when hurrying with the governor to Heathrow to catch Concorde. I confess to not taking the 70 mph (113 kph) British motorway limit too seriously when traffic is light and the road dry. But I think most urban 30 mph (48 kph) and 40 mph (64 kph) limits are about right and 30 mph can be much too fast when, say, the schools are turning out.

Dammit, I do not even approve of self-styled fast drivers – the kind which squeak tyres as they leap away from traffic lights, look no further ahead than the back of the car they are tailgating and rely on heavy braking to keep them out of trouble. They drive with all the finesse of a bulldozer uprooting a hedge.

Now, really fast drivers – people I have been privileged to ride with like former rally ace Erik Carlsson – are another matter. On the road they do not seem fast but manage to progress incredibly quickly while making you feel totally safe.

But I am wandering away from my point. Why do hot hatchbacks spark off attacks of motoring writer's schizophrenia? Why should they make one drive in a manner that can be hugely enjoyable but which one knows, deep down, is wrong and out of character?

They are, all of them, attractive cars. Their power is seductive. Driving them is flatteringly easy because they are instantly responsive. True, the Clio's clutch was a muscle builder and the non-power steered Peugeot 104 felt a bit heavy to park. The Fiat was a flier on the open road, a gentle thing in town. I thought the Ford RS 2000 spectacularly good; the best version of the latest Escort by far.

Maximum speeds are irrelevant nowadays though the slowest of the quartet is the 118 mph (190 kph) Peugeot 106TSi; all the others are good for 130 mph (210kph). Standing-start acceleration and pick-up in third or fourth gears are impressive.

So impressive that the temptation to head the pack is irresistible, even if it does mean overtaking lines of slower vehicles where it may be safe, but not always courteous, to do so. Firmed-up suspension and wide, higher speed-rated tyres encourage fast driving on winding roads. Brakes are uprated and sometimes have an anti-lock system.

Let me be honest. Exploiting most of a hot hatchback's performance, handling and roadholding in, say, the Brecon Beacons or the Scottish Highlands is as exciting as giving a good horse its head across open country. But it certainly is not legal. Is it responsible? A small, still voice has often told me afterwards that it is not.

Of course, one does not have to drive a hot hatchback hard enough to offend the law or antagonise other road users. But if one is not going to make use of the extra acceleration and higher cornering and braking limits, why have one at all?

For all their desirability, hot hatchbacks have their downside.

They ride harder and less comfortably than humbler models in the range. They use more fuel and are more likely to be stolen or at least driven away and possibly wrecked by those mis-named criminal pests, the joyriders.

The current generation of hot hatchbacks started with the Golf GTi of the mid-1970s. But the first off-the-peg small car that could run rings round expensive sporting machines was the Mini-Cooper 1275 S of 1965 – and it was in a Mini-Cooper S that I felt the first twinges of the sickness I have suffered from ever since.

But a cure for motoring writer's schizophrenia may be in sight. The hot hatchback, like the white rhino, is a threatened species.

Insurance companies hate them, especially when they are owned by the young. Premiums are now high enough to put ownership beyond the financial reach of many a covetous under 30-year-old, especially if they have had a couple of accident claims.

Because of this, demand for used ones has fallen away, and they now tend to depreciate at a similar rate to large engined executive saloons, some of which are worth only 50 per cent of their list price after one year.

It may be only a matter of time before hardening police and public attitudes to aggressive driving and flagrant speeding administer a coup de grace.

Plant of the week

Elaeagnus Gilt Edge

This fine variety of Elaeagnus ebbingii makes a large evergreen bush with glossy, lance-shaped leaves that are dark green, broadly edged with yellow. They have small, silvery, fragrant flowers in autumn, but it is as a hardy ornamental shrub that it is chiefly valued. It is easy to grow in all fertile soils and is stocked by most garden centres in containers so that it can be planted at any time of the year. It will thrive in sun or light shade, but the best leaf colour is produced when the light is good. If it grows too large, stems can be shortened or removed, preferably in May but certainly by August. It can also be used as a hedge or screen, clipped during the same period............................ *AH*

How to keep your plants contained

***Arthur Hellyer** on the pots, tubs, urns and bags that are available to gardeners*

THERE IS little new about container gardening except, perhaps, the name and the facilities that are available for carrying it out. But gardeners have always grown some plants in pots, tubs, boxes, urns and many other containers which could be moved about readily, maybe brought under cover when the weather was bad or the plants were out of season or, more likely nowadays when so many container plants are cheaply raised from seed, simply discarded and replaced with something new.

Le Notre made great use of containers in France in the 17th century. The Versailles tubs which he used are still one of the most elegant designs. They are particularly suitable for large plants such as orange bushes – which is what Le Notre wanted them for – camellias, hydrangeas or rhododendrons.

At the other extreme of utility without beauty is the growing bag. This is a fairly recent innovation which scored an instant success as a convenient way of growing tomatoes, cucumbers and other crops that are susceptible to soil-borne pests and diseases.

Anything that makes it easy to use fresh growing composts for each crop, and to dispose easily and with certainty what has already been used, must be attractive to growers.

It was soon clear that such bags had uses for ornamental plants but it took manufacturers a surprisingly long time to realise that these required bags more attractive in appearance than the plain black, or even worse, the advertisement-covered bags used for commercial crops.

Really good containers should be attractive in their own right so that they can be used as ornaments even when nothing is growing in them.

There are two main ways in which ornamental plants may be used in containers, one to maintain a constantly changing display, largely of plants grown from seed and discarded after a single season of display; the other for more permanent cultivation mainly of shrubs and perennials, some of which may need protection during the winter.

There is no doubt that it is the seed-raised plants, many of them raised professionally and marketed when just coming into flower, that are making the greatest advance in sales at the moment and are being marketed in vast numbers for hanging baskets, window boxes, pots and ornamental containers of many kinds.

The rise in popularity of patio and terrace gardens, and the increasing use of balconies for growing plants, have all contributed to this increase in using containers, and growers have been quick to seize on the opportunity to market plants in convenient packs suitable for making successive displays.

There are two main danger areas in container gardening whatever its precise purpose and material. These are watering and feeding. They are closely related since plants can only take in food in solution, which is one good reason for mixing the food, whether organic or inorganic, with water.

It is just as easy, and as harmful, to overfeed and overwater as to do the reverse and the two guidelines I regard as most helpful are to use feeds according to label instructions erring, if at all, on understrength, and to give water, with or without food, until it starts to trickle out of the drainage holes or slits, or through the moss used to line hanging baskets, and then to give no more until it is needed – and that is the hardest thing of all to judge.

Eye and touch are still the best guides but these are skills that require practice. Moisture guages are available but I have not found them particularly helpful.

As to what to put in containers, many garden centres and nurseries have excellent display areas with frequently changing container plantings and much can be learnt from them.

An excellent book called *Container Gardening* by Malcolm Hillier, published by Dorling Kindersley, at £14.99, is worth obtaining. It could prove very valuable to inexperienced gardeners not only for its sensible text but also for its many excellent colour pictures showing a great variety of containers, both conventional and unconventional, ways of using them and of associating plants in them.

At the moment terracotta appears to be the most favoured material for containers. Even my local petrol station maintains an excellent selection of them and, because of its porocity, it is a material that plants like.

Terracotta is only the up-market name for what in humbler circumstances is just a clay pot – and most old gardeners still maintain that plants feel more at home in clay than in plastic because clay breathes and also allows movement of water.

When plants are to be changed frequently I would always prefer peat-based composts which are clean and easy to handle. For more permanent planting there is a good case to be made for old-fashioned soil-based composts of the John Innes type, but I find that many of those sold under that name contain too little humus and so get too impervious to air and water after a few months.

The remedy is to add more peat, leaf mould, old mushroom compost or whatever is available that will keep the mixture porous for a long time.

Boxing

Lewis shows the moves of a champion

***Keith Wheatley** meets a serious British heavyweight contender*

FEW British sportsmen are looking forward to 1992 as much as Lennox Lewis. If the dice roll his way, the Kent-based heavyweight could be fighting for the world heavyweight title before the year ends. Furthermore, there are grounds for believing that Lewis could be the first Brit to hold that title since Bob Fitzsimons in 1897.

Should that happen, his earnings would make those of Frank Bruno look like pantomime takings. Boxing may not enjoy the profile or support it once did. Yet one should not underestimate the fervour that would surge behind a Briton who made it – not least in America.

"England is seen here as the birthplace of boxing and with nearly 100 years since there was a British champion, Lennox is beginning to tap into that wave of sentiment," explained John Hornewer, a young Chicago attorney and Lewis's lawyer, friend and confidante. "Since he did so well in his last fight, he's beginning to have a big profile here."

That fight, two months ago in Atlanta, saw Lewis achieve a controlled and capable three-round demolition of contender Tyrell Biggs. Producers at Home Box Office, who have Lewis under contract for two more fights, were thrilled at what they saw as his entertainment value. What inspired Lewis himself that night was less the sight of Biggs hitting the canvas than the later, main bout between Evander Holyfield and Bert Cooper.

Holyfield looked a less-than-worthy champion, taking seven struggling rounds to stop Cooper, a journeyman pro who accepted the fight at six days' notice.

"Having watched him against Cooper, I know I can beat Holyfield," said Lewis immediately after that fight. "The problem is that a lot of other fighters will be thinking the same thing and there'll be a queue to get into the ring with him. I want to be first."

At this point, lawyers and an alleged rape enter the picture.

Dozens of lawyers are plainting and petitioning in Indianapolis, trying to persuade Judge Patricia Gifford to postpone Mike Tyson's trial on rape charges. In March he is contracted to fight Holyfield in a $30m (£16.4m) match at Las Vegas. If Tyson cannot beat the rap, hoteliers and promoters are anxious that he should at least delay it.

"Everything depends on Tyson," observed Holyfield's promoter, Dan Duva. "We can't make plans with Lewis or anyone else until we know whether Tyson will be fighting again. If he's not in jail, we have to stick to our contract."

Lennox Lewis has become used to lawyers in the background of his life. His principal backer and financial adviser is Roger Levitt, the disgraced and bankrupt financial services entrepreneur currently on bail in London over 24 criminal charges and facing personal claims of around £50m.

Lewis was a principal component of the Levitt Group's plan to develop and manage a string of high-earning international athletes to match those of the International Management Group. It was Levitt who flew the boxer and Hornewer over from Canada – where Lewis lived until 1989 – and offered him a car, house, $200,000 signing-on fee, and even a job for his mother.

Hornewer concedes that the terms were absurdly generous, but says they reflected the passion of the boxing-mad tycoon to "breed" a British champion. "The deal is personality-based. Levitt had to have Lennox Lewis, whatever it cost," says the attorney.

Lewis, 26, is one of the most pleasant, intelligent and articulate sportsmen you could wish to meet. If Bruno is Ian Botham, Lewis is David Gower. He describes himself as "just another buppy" (black urban professional) who wants to earn a fortune from boxing and get out as fast as possible. In spite of his connection with Levitt, it is hard to see him dropping into any kind of shady milieu in the way that Tyson and promoter Don King fit so costly together.

Although born in London, Lennox Lewis grew up in Canada, for which country he won an Olympic gold medal in 1988. A streak of sentiment, Levitt gold and a hunch that Britain might offer a fairer face to a hungry black boxer than North America brought him back home.

In Toronto, they still tell the story of how boxing promoter Irving Ungerman, who made his fortune in the chicken business, offered to take the young gold-medal winner, about to turn pro, into his stable, which had once included contender George Chuvalo.

Lewis listened attentively and then noted that Ungerman was also guiding the career of Donovan Boucher, a black welterweight who had ended the career of white hope Shawn O'Sullivan some months earlier.

"Mr Ungerman," Lewis observed, with the utmost courtesy, "you manage Donovan Boucher and he knocked out Shawn O'Sullivan who made all those chicken commercials for Swiss Chalet. And *you* sell the chickens to Swiss Chalet, so now how come Donovan Boucher isn't making any commercials?" For once, the loquacious Ungerman was dumbstruck.

One cannot help thinking that a 23-year-old who can handle a chicken magnate so stylishly is going to come out of the Levitt mess in good shape. More important, he may give us the biggest sports cheer of all in 1992 and beyond. Lewis says that if he wins the title he will stage all future defences in Britain.

On target: Lennox Lewis traps Glenn McCrory in a British and European heavyweight title bout

Tennis/**John Barrett**

The year Seles ruled

John Barrett's 1991 world rankings

(last year's rank in brackets)

1 Stefan Edberg ... (Swe 1)	1 Monica Seles .... (Yug 2)
2 Jim Courier .... (US –)	2 Steffi Graf .... (Ger 1)
3 Boris Becker ...... (Ger 5)	3 Gabriela Sabatini .... (Arg 3)
4 Michael Stich ... (Ger –)	4 Martina Navratilova .... (US 4)
5 Ivan Lendl .... (Cze 2)	5 Arantxa Sanchez-Vicario .... (Sp 8)
6 Guy Forget .... (Fra –)	6 Mary Joe Fernandez .... (US 5)
7 Andre Agassi ...... (US 3)	7 Jennifer Capriati .... (US 10)
8 Pete Sampras ..... (US 4)	8 Jana Novotna .... (Cze –)
9 Karel Novacek . (Cze –)	9 Conchita Martinez .... (Sp –)
10 Petr Korda .... (Cze –)	10 Manuela Maleeva Fragniere .. (Bul 9)

THE outstanding tennis player of the year in 1991 was a woman. The double-barrelled power of Monica Seles brought the 18-year-old Yugoslav left-hander ten titles including all three grand slam championships she contested (Australia, France and the US), plus the season-ending Virginia Slims.

In a remarkably consistent year she reached the final of every tournament she entered and could be criticised only for the manner of her mysterious withdrawal from Wimbledon. As a result of the storm of controversy that surrounded her silence on the subject, she will be a wiser woman in 1992.

Stefan Edberg's claim to top spot among the men is not so clear-cut. As in 1990, the four grand slam titles were won by four different players. Boris Becker, after winning his first Australian title, had a spell atop the computer rankings and rose briefly to that position again following his passage to the Wimbledon final.

Michael Stich's victory that day was an astonishing performance for a man who had only one tournament success to his name, and the psychological damage he inflicted on Becker seemed to affect his fellow German for the rest of the year.

Jim Courier, *the* American in Paris, whose forceful top-spin brought him victories over Edberg, Stich and Andre Agassi on the slow red clay to earn him a first grand slam crown, was also a finalist in New York, but he was crushed there by Edberg.

The year had stated badly for Stefan with a semi-final loss to Ivan Lendl in Australia after the Swede had served a double-fault at match point. Things did not improve in Paris where he fell to the groundstroke power of Courier, and at Wimbledon there was that frustrating semi-final loss to Stich when the German never broke his serve but won three tie-break sets after losing the first.

Edberg finally stamped his authority on the year in New York. His crushing wins over Lendl and Courier in the last two rounds brought him his fourth title of 1991, a total he later extended to six with wins in Sydney and Tokyo. Only Guy Forget, one of the heroes of France's emotional Davis Cup success against the Americans in Lyon, could claim as many titles in 1991.

Courier leaps from near obscurity to the No 2 spot. He was not far from dislodging Edberg from No 1. He had lost to the Swede in Melbourne but balanced that by gaining revenge in Paris, and would have overtaken him if he had won their final in New York.

The 21-year-old double-hander is a gritty competitor who makes the most of his physical strength. With the help of his coach, Jose Higueras, Courier is a much more patient player and his three tournament wins, plus an appearance in the final of the ATP Tour championships in Frankfurt, gives him the edge over Becker.

Stich's Wimbledon triumph alone would have given him preference over Ivan Lendl, but before that the 23-year-old newcomer had been a semi-finalist in Paris; afterwards, he claimed the titles in Stuttgart, Vienna and Schenectady, New York to underline his rising status. With a second serve the equal of most men's first delivery, a beautifully-timed backhand of great penetration and a growing awareness of his latent ability, we could see greater things from this intelligent and likeable man in 1992.

After a dramatic loss to Becker in the Australian final, Lendl's year was marred by an infection on his playing hand following an operation to remove hard skin. He missed the French Open and did not recover his best form at Wimbledon or in New York. However, he did garner three tournament wins and performed better in major Championships than Forget.

Below Seles there was little difficulty in rating the next four women. Steffi Graf reclaimed her Wimbledon crown in a nail-biting finish against Gabriela Sabatini and could forget the family problems that had so affected her in 1990. However, she is unlikely ever to forget the humiliation of a 6-2 6-0 loss to Arantxa Sanchez in the semi-finals in Paris, her worst defeat at a major Championship.

By reaching the final at Wimbledon, the semi-finals in Paris and the last eight at the Australian and US Opens, Sabatini had a marginally better year than Martina Navratilova who did not challenge in Melbourne or Paris but did reach the final in New York.

Navratilova lost her Wimbledon title at the quarter-final stage when Jennifer Capriati, belying her 15 years, produced an extraordinarily mature performance to win in two close sets. This was one of the best matches of the year but Capriati gave us an even greater thrill in New York by taking Seles to the brink of defeat in a heroic semi-final that ended in a third set tie-break of unbearable tension.

Top tipster by a distance

ADRIAN COOK first, the rest nowhere. That was the outcome of the *Racing Post's* 1991 national tipsters' competition in which Cook, who tips for the *Post* under the *nom de course* Diomed, won a £2,100 prize by giving 2,015 winners from 6,390 tips (strike rate: 31 per cent).

All tipsters had a bank of £1,200 to play with. When Cook was profiled in the *Weekend FT* five weeks ago, he was £178 clear of his nearest rival. By year's end, Cook had stretched that lead to £200, finishing with £900 in the bank. The 25 per cent reduction in Cook's original bank (from £1,200 to £900) is a perfect measure of how difficult it is to make betting pay when confronted by high commercial rake-offs.

The competition's runner-up was Robin Goodfellow of the *Daily Mail* (£700). The worst performers were Templegate of the *Sun* (£382) and Man on the Spot of the *Sporting Life* (£281).

Cook, 38, said this week that his favourite races for tipping purposes were eight to ten-runner middle-distance handicaps, both on the Flat and over jumps. His worst: sprint handicaps. Essential information: Cook himself bets only once a year or so. He thinks it is a mug's game.

Michael Thompson-Noel

BOOKS

Metaphysical? modern? no, it's epigrammatic

THE NEW OXFORD BOOK OF SEVENTEENTH CENTURY VERSE
edited by Alastair Fowler
Oxford £25, 831 pages

SPARE A thought in your New Year meditations for an old friend who has just been retired after 56 years' service – *The Oxford Book of Seventeenth Century Verse*. Of all the *Oxford Books* it was the most influential, promoting the 20th century revival of Donne, Herbert and Marvell. It was not quite first in the field: the appearance of an earlier anthology, edited by Herbert J.C. Grierson in 1921, prompted T.S. Eliot to write his famous essay, *The Metaphysical Poets*. This was superseded in 1934 by the *Oxford Book* Grierson edited with Geoffrey Bullough.

"Donne's 'Songs and Sonets', not alone in virtue of their content and 'wit', but in their rhythms, their suggestion of speech rather than song . . . mark a new fashion in poetry, *a shifting of the centre of* gravity . . ." wrote the editors in their preface, claiming that this new fashion dominated the period. That claim has, over the past 50 years, been the subject of continual debate in departments of English.

The question was, for instance, widely discussed in the Cambridge journal *Scrutiny*. In 1936 there appeared, from one of its editors, F.R. Leavis, the book *Revaluation: Tradition and Development in English Poetry*, advocating a new critical rating for several of the poets in the Oxford book and taking a swipe or two at its editors in the process. Nor was the discussion confined to academics in universities. It provided inspiration for poets. Eliot, Auden, MacNeice, Empson found fruitful models in the Oxford book. For a while it seemed as if the terms "metaphysical" and "modern" were synonyms where poetry was concerned.

It was, surely, reasonable after more than half a century to appoint an editor of a later generation to make a fresh Oxonian selection of poetry to represent this wonderfully rich period. Professor Alastair Fowler was the man chosen for the job; he is, as was Grierson, a Scottish academic, and his approach to literature is historical.

Fowler is a foremost authority on the development of literary genres, an interest which gives him a rather different perspective from his predecessors. *He points out that* the underlying poetic genre for the whole period was epigram in the Greek sense. Typified by brevity and a closing "point", epigram is the standard brick with which *many a 17th-century poetic struc*ture, great and small, is built. Epigram is to be discerned as much in a passionate love-poem by Donne as in those more leisurely, ceremonial country house poems in which the period delighted – Jonson on Penshurst, Marvell on Appleton House, Cotton on Chatsworth, and their off*shoot, the garden poem*. Fowler describes these Estate poems as examples of English Georgic – a much more fruitful concept when thinking about the poetry of the period than "metaphysical".

The main difference between the old and the new anthologies is that whereas Grierson and Bullough were metaphysical fundamentalists, Fowler is an ecumenical liberal and he has opened the door to an even wider variety of poets in kind and gender than the previous editors. The question arises: has this breadth involved a sacrifice of depth, of excellence?

Well, all the familiar names are here including Shakespeare, Ben Jonson, Donne, Marvell, Herbert, Milton, Dryden, Cowley, Herrick. But mingling with these truly great is the Leveller poet and pamphleteer, Gerrard Winstanley with "The Diggers' Song" and so are even more obscure figures, the waterman Edward Taylor, the alcoholic Richard Brathwait and the lunatic James Carkesse.

Other newcomers include women poets ignored by the editors of the original Oxford book – that fine American poet Anne Bradstreet, and Lady Mary Wroth, who wrote despairing love-sonnets; also, Margaret Cavendish, Anne Finch, Mary Astell, Elizabeth Tipper, and the mysterious Emilia Lanier. The latter was A.L. Rowse's candidate for Shakespeare's dark lady. She had not been discovered *in time for the* Grierson anthology, and even if she had, would not have got into it. Another recent poetic find is Cowley's epic *The Civil War*, parts of which Fowler has included.

*But in spite of these crucial differ*ences, frequently there is a duplication between the two anthologies, and it is revealing to compare their presentation of the same poem. Fowler has modernised all spellings *and use of capitals* whereas the earlier editors tried to preserve the appearance of the original texts. Thus in Bishop Henry King's "Exequy" to his wife who died in her twenties, Fowler has "But hark! My pulse, like a soft drum,/ Beats my approach, tells thee I come . . ."; whereas Grierson and Bullough have, "But heark! My Pulse like a soft Drum/ Beats my approach, tells *Thee I come* . . ." *The latter seems* much stronger – not least because of the pun on "Thee". Here the grieving bishop equates his beloved with God, a resonance lost if you down-grade the "T" to lower case.

But Fowler has done a difficult job well. Younger readers will receive a comprehensive introduction to the period; older readers will surely want to have both.

Anthony Curtis

Still alive – and biting

VAMPYRES: LORD BYRON TO COUNT DRACULA
by Christopher Frayling
Faber & Faber £17.50, 429 pages

"PRIVATE PERSONS may be *Vampyres*, or *Blood-Suckers*, i.e. *Sharpers*, *Usurers* and *Stockjobbers* . . . but nothing less than the Power of a *Treasury* can raise up a compleat *Vampyre*." (*Gentleman's Magazine*, 1732).

Bram Stoker began *Dracula* one hundred years ago. It was already an enduring and replicable myth, resistant to changing fashion and scornful of parody. Where did Stoker get his ideas? Or, more interesting, why is vampire literature alive and biting?

Christopher Frayling has gathered a wide collection of Vampire literature in his *Vampyres*, a capacious book dripping with suspense and replete with horror. His excellent introduction tracks the history of vampire treatises from 18th-century Serbia to Stoker's 1897 classic, showing how Stoker synthesised elements of the folkloric vampire, the Byronic Lord, and the *femme fatale* in the same book.

The first of these, vampire *folklore from Silesia and* Bohemia, had surfaced in English periodicals in the 1730s and 1740s, and was available to Stoker. The second, the Byronic figure, *dates from 1816, when modern* vampire literature began with John Polidori, Byron's physician. His *The Vampyre* was written in three mornings after spending the summer *of 1816 with* Byron, Shelley and Mary Godwin (the same party produced *Frankenstein*). Polidori's hero is an English aristocrat preying on impressionable women and society girls in Athens and London. It was the first Byronic vampire.

Goethe had made vampires respectable in 1797 with *The Bride of Corinth*, but it took Polidori's book to make the vampire upwardly mobile, and Byron's reputation in the 1820s to add a social tang to the taste of blood – thus an 1826 Parisian account of "ce Don Juan vampirique".

Stoker's third ingredient, the *femme fatale* Vampire arrived in 1820 with Hoffman's "Aurelia" (from *The Serapion Brethren*), the tale of a dark-eyed and deathly-pale baroness who prefers warm blood to cool Chablis. Throughout the 19th century, Poe, Gogol, Dumas, Lynn Linton and de Maupassant produced vampire stories; but none was as chilling as Gautier's erotic *La Morte Amoureuse* of "sea-green eyes and teeth of the purest Orient pearl" from 1836.

Stoker himself was a compulsive note-writer and list-maker, as the holdings at the Rosenbach Foundation in Philadelphia and the Shakespeare Centre, Stratford-upon-Avon, clearly show. Stoker's environment comes over plainly: a wonderful list of Dracula's characteristics scrawled on Lyceum Theatre notepaper reminds *one* of his life in the theatre (he was Henry Irving's secretary and manager for 27 years); the 80 pages of notes for *Dracula* bear the imprint of Stoker's precise mind, right down to railway timetables and weather manuals.

Frayling confirms the origins of *Dracula* ("Count *Wampyr*") *in one of Stoker's* dreams, scrawled on a scrap of paper in March 1890: "young man goes out – sees girls – one tries – to kiss him not on the lips but throat. Old *Count interferes* – rage and fury diabolical. This man belongs to me, I want him." (Sic.)

As a postscript to the extracts in this crowded book, *Frayling includes some* revealing excerpts from Krafft-Ebing's 1886 *Psychopathia Sexualis* on decadence, and Ernest Jones's excellent Freudian account of vampires, *On The Nightmare* (1920). Frayling can be witty too, describing A.N. Wilson's introduction to the OUP edition of *Dracula* as "anaemic." One can be much more sanguine about Frayling's book, sharply-written and incisively edited.

Psychologically, Vampirism seems to be nothing less than an incestuous, necrophilic, sado-masochistic free-for-all; anything goes, as long as it is taboo. Practically, Vampirism is best expressed by the perplexed lawyer in *Dracula* who pronounces with professional exactness on the Count: "he left me under the impression that he would have made a wonderful solicitor."

Andrew St George

Georges de la Tour's 'The Cheater' (with the ace of clubs)

Art of 'Higher Woollage'

THE AIM of this on-going series of books (at present they are being published in batches of three) is to bring together writers and artists – living masters of the pen (novelists, *playwrights, journalists) and past masters* of the brush and the chisel. The writers have been invited to sit back and savour works of art; to reflect upon them; and to give us the fruits of their meditations.

Self evidently, the result promises to be unusual, *even a little unpredictable*, because the task itself is an unusual one. It will be part reverie, part biography, and part formal art criticism; a mixture, perhaps, of *poème en prose* and hard scholarship. This cocktail could prove very stimulating, of course; and the *publishers have* been quick to make a virtue of the method itself in the handsome publicity material that accompanies the first batches of books in the series. They use such words as "magical", "other worldly" and even "emotion of knowledge" *as* they endeavour to anticipate the likely impact of the texts upon their readers.

The matter of design is given a special emphasis by the publishers, too. Each spread, for example, consists of text on the left-hand page (beautifully printed against a background tint of beige as if it were a page from a novel) and a colour plate on the right. This fosters the illusion that the text – a "book-within-a-book" is how the publishers describe it – has the coherence, the importance and the well-crafted unity of a good novel, and that it will indeed "permit the reader to advance . . . in these two worlds of the fictional and the artistic".

The titles are also very good value for money: *£13.99 for a book that contains* more than 30 large colour plates (made possible, one imagines, by the massive co-edition print run in five languages); they are handsomely produced; the quality of the colour reproductions themselves is above average.

*So far so good. Everything seems hand*some, admirable and courageous – until we come to read the actual translations of the texts written by this roll call of international literary celebrities. And then the niggling doubts begin to creep in. Was the *idea of rèverie, with all that that word has* come to connote of the quasi-mystical wedding of intellect, subjectivity and the unconscious mind, quite enough? Was the publisher's original brief no more than that? Were the authors even given a brief? *Or was the fact that they were who they* were a sufficient qualification for such a task as this one?

For the fact is that the texts are often a disgrace. At worst, they are slipshod and almost incoherent – what Dylan Thomas once *described as* "the higher Woollage". Let me quote one example, from Vásquez Montálban's essay on the painter Gauguin. Opposite the plate of *Nature Morte à la Mandoline*, we read as follows:

"My attempt to recapture Gauguin (in *poems written during the 1960s) was* neither onerous nor particularly far-sighted. The aim in the 60s was to achieve a democratic cultural and political order that was universal, decentralising and anti-authoritarian, the left challenged the dialectic *fatalism (or contradiction) which forces* mankind to pass by way of slavery feudalism and capitalism to reach socialism and repeated mention was made of the Asiatic mode of production giving rise to another potential emancipation process peculiar to a third world which *has* not undergone the industrial and liberal revolutions . . ."

Did anyone read this statement before or after it had been translated into some sort of pidgin English? Did anyone find it interesting, stimulating, intellectually provocative – or relevant in any way whatso*ever to an understanding of Gauguin and* his work? Did anyone enquire after the meaning of that enigmatic phrase "Asiatic mode of production?" Did anyone care? Or did the printer perhaps lose the text of the original and substitute for it a fragment from some *unpublishable* Marxist sociology manual of c.1972?

There are many examples of untreated verbiage of this kind throughout the series, but let that one suffice. Who is to blame for such bad writing? So much slipshod editing? So many verbal infelicities? So many awkward turns of phrase? The authors themselves? The translators? Were these translations checked and approved by the English distributors of these books before the co-edition presses rolled?

And how can books which purport to take art seriously allow Tintoretto to be described as Tintorello! Did the great Venetian belong to the *opera buffa* after all? Was it the higher *harlequinade* that he was striving to represent on the great, coffered ceiling of the Scuola San Rocco? Molesworth needs to No.

Michael Glover

Secret Museums: *Gauguin and M. Váquez Montálban; Goya and Paul Nizon; James Ensor and Paul West; Alberto Giacometti and Tahar Ben Jelloun; El Greco and Fernando Arrabal; Georges de La Tour and Pascal Quignard.* 80pp, £13.99. Flohic editions. Distributed by Serpent's Tail.

An obsession with security

KGB
by Christopher Andrew and Oleg Gordievsky
Sceptre £10.99, 847 pages

INSTRUCTIONS FROM THE CENTRE
by Christopher Andrew and Oleg Gordievsky
Hodder & Stoughton £19.99, 238 pages

CHRISTOPHER *Andrew is a* Cambridge historian who has made a reputation writing about intelligence operations: Oleg Gordievsky is a former KGB officer who, it *would appear, was turned by* SIS in 1974, defected to Britain in 1985, and has since furnished material both to the Office and Andrew on his former masters' whys and wherefores.

One result of collaboration between Andrew and Gordievsky is *KGB*, a history of the Soviet Union rather than clandestine operations, which is a *solid, reliable piece of work. Instructions From The Centre* is a slighter thing altogether, heavily dependent on what Gordievsky chooses to reveal or can recall (the sparse source *notes are an indication of this* factor), diverting in its details but not particularly valuable as a contribution to knowledge of our times. We are, as it were, offered roast beef fol*lowed by fruit salad. The for*mer is a bit tough, but provides substantial nourishment; the latter can be consumed in a few mouthfuls, leaving a vague sense of dissatisfaction.

In setting out to describe and analyse the 74 years between the 1917 revolutions and the attempted coup against Gorbachev of last August the authors have clearly in mind the undoubted *fact that huge*, repressively cruel and all-embracing armies of state security have been a central feature of Russian history since at least the 16th century. Until the 1917 revolutions such armies operated mainly within Russia. Since 1917 they have also attempted to operate on an international scale, reflecting not only the Leninist *belief in "world revolution"* but the endemic and well-founded conviction that Russia's European neighbours have threatened Soviet communism, not merely opposed it. *The authors describe this* specifically Russian fear of encirclement in these words: "Lenin's Manichean vision of a world divided between bourgeois darkness and Bolshevik light."

KGB is, therefore, enlightening in revealing in great and well-documented detail how the combination of repression at home and espionage abroad fostered and bred a peculiarly vicious brand of suspicion about individual and national motives and actions. This psychotic condition, in Stalin's day, matched his own neurotic obsession about real or supposed enemies within and without. *KGB* is important, if not wholly original, in showing how this wicked dictator was so dominated by his neurosis *that when, in early 1941, it* became clear from "sure sources" that Hitler was about to turn east, he could not bring himself to believe intelligence from Churchill, Stafford Cripps, Richard Sorge – and his own espionage and security subordinates in Moscow.

Admittedly, the NKVD and GRU were not particularly effective at acquiring intelligence overseas, because the requirement to do so on a professional basis jarred with subversive activities, in particular the attempt to penetrate western governing establishments. *Andrew and Gordievsky* have little specifically new to say about "the Cambridge Light Blue Five" but do remind us, in discussing this NKVD attempt to get inside the Brit*ish "upper ten thousand" in* the 1930s, how absurd it was for Moscow to suppose that a clutch of disaffected young men represented the sources of power. Comparison with Rib*bentrop's and Hitler's delu*sions about "the Cliveden set" comes irresistibly to mind.

When we come to the post-Stalinist era – and so, it might be remembered, to the worst *decade of the Cold* War, *which* only ended when Khruschev was defeated during the Cuba missile crisis in October 1962 – the narrative tempo slackens somewhat. The Soviet empire, *by the early 1960s, was* running out of steam: the onset and course of the Cuba missile crisis are described clearly. Narration of Oleg Penkovsky's role, although arguably marred by revealing more detail than a stringent sense of security might warrant, is put in the right historical perspective. The Soviet Union was such a ramshackle affair technologically *that its capacity either* to wage modern war or run an industrial society should, by the west in general, have seriously been doubted. Unfortunately, it has taken nearly 30 years *for these realities* to become apparent to us all.

Oleg Gordievsky commenced his service in the KGB during immediate aftermath of Khruschev's defeat. Although apparently possessing a clear grasp of "historical forces", the papers comprising *Instructions From The Centre* are so much concerned with minutae that one is forced into the impression *that Gordievsky quickly* lost interest in intelligence operations as an element of State policy, defecting to Britain, all other reasons apart, to escape from the deadening burden of a system which, whilst remaining brutal, had become amazingly inefficient. Certainly the most revealing example of a system out of touch with reality is a report, *presumably filched from the* KGB Registry, purporting to establish the case for using one corner of the Brompton Oratory as a dead letter box. The report makes curious reading to anyone familiar either with the Oratory – as the compiler of the report clearly was not – or the function of dead letter boxes. One can only hope that they order these things better in Moscow today.

Anthony Verrier

A diva devoted to Hollywood dottiness

GINGER MY STORY
by Ginger Rogers
Headline £16.95, 390 pages

JOSEPH LOSEY
by Edith de Rham
Andre Deutsch £18.99, 304 pages

PRESTON STURGES ON PRESTON STURGES
edited by Sandy Sturges
Faber £14.99, 344 pages

"I AM a thorough softy when it comes to animals. I love them. Dogs and cats are my passion. Their love is unchanging, unconditional and unbounding in warm kisses and wiggling bodies."

What ever happens to screen goddesses when they retire? Like pet-lovers Doris Day and Brigitte Bardot, whom no journalist today can approach without a written affidavit that he is dotty about moggies or doggies, Palm Springs-based Ginger Rogers has given up humanity for a larger love. Make that two larger loves; for she also has religion. "I owe my health and happiness to it," she confides. And she says farewell to the reader with the single word "Blessings."

Thinly disguised as an autobiography, *Ginger My Story* is a guide to the dottinesses, woolly thinking and PR postures a screen diva is encouraged to subscribe to during a long, long career. They give her by retirement age an understandable readiness to retreat from humanity. Between 1930 and 1965, in which time she made 70 films, Rogers lived in a world where the adulation of others was her daily bread and where make-believe kept edging off the screen into her life.

Her book alternates well-polished mythopoeic anecdotes, like the one about the blue ostrich-feather dress that got up Fred Astaire's nose in *Top Hat*'s "Cheek by cheek" number, with a screen diva's usual have-I-missed-anyone-out roll call of males in her life. These seem to have included absolutely everyone: from silent star Lew Ayres (first husband) to Cary Grant (unrequited love) to the indefatigable Howard Hughes (late of Katharine Hepburn's autobiography).

I wish I liked Miss Rogers in print as much as on screen. Her early film career, before a Best Actress Oscar for *Kitty Foyle* gave her delusions of grandeur, was a delight. She was a fresh, mickey-taking presence. But this book is ponderous when it is not fluffy. Much goody-two-shoes complimenting of her peers goes together with bits of unattractive bitchery. (Do we need *two* stories of Fred Astaire's toupee falling off?) The final pages *savour of valedictory smugness* as our heroine passes from one award ceremony to the next, thanking her fans, waving at her autograph-hunters and moving at last towards the uncritical love-glow of her cats and dogs.

Edith de Rham's *Joseph Losey* shows how one distinguished American film-maker dealt with all that Hollywood flummery. He walked out on it. Losey left America in the 1950s, banishing himself to England with a little encouragement from the House Un-American Activities Committee. HUAC had been showing an unhealthy interest in Losey's supposed Communist sympathies.

If he had such sympathies, the Wisconsin-born director soon transmuted them into something rich and strange. He found the perfect screenwriting partner in Harold Pinter and produced a series of baroque, *sardonic visions* of the British class system in films like *The Servant*, *Accident* and *The Go-Between*.

Miss de Rham does not exactly warm to Mr Losey, but then who did? He presented a morose and misanthropic exterior that brightened up only on the film set. But he was a movie artist of beguiling mystery. The obliquity of his work was its richest feature – making one regret that he never realised his cherished project of filming Proust – and Losey's move to Britain and later Europe added subtle layers of old-world enigma to the new-world idealism with which he was born.

Miss de Rham is scanty with source notes and relies on clippings more than confidants. But she provides at least one revealing witness. Losey's favourite actor Dirk Bogarde testifies to the human Losey by recalling everything from crying fits to an illness bout that made the film-maker hand over directing reins for *ten days* on *The Servant* to Bogarde himself. What are the auteur theorists going to say about that?

Some auteurs have cast-iron claims to the title. If a man writes his films as well as directing them, like the 1940s screwball comedy specialist Preston Sturges (*The Palm Beach Story*, *The Lady Eve*), no one can deny him authorship. But what about *Preston Sturges On Preston Sturges*? Did Preston Sturges write that?

Not quite. Edited and arranged into autobiographical shape from Sturges's diaries and letters, the book is a pretend-memoir devised by his widow Sandy. It is still a pacy, delightful read, full of *detail* and persuasively modelled on the whipcrack-witty style of PS's own movie dialogue.

Nigel Andrews

ARTS

Detail from one of the paintings of the Qajar period, currently at the Ashmolean Museum, Oxford

Victoriana in the harem

Patricia Morison reviews an unfamiliar period of Iranian art

THE TEHRAN version of high Victoriana is not guaranteed to appeal to purists who associate Persian art with exquisite good taste. *Iran in the 19th Century*, at the Ashmolean Museum in Oxford (until 26 January but closed on Mondays: 0865-278000), may well be the first exhibition ever mounted on this subject in Britain. It is a modest show, with no catalogue and not much in the way of text, but it is interesting because Qajar period art is so unfamiliar.

The focus is on secular and not religious objects, and the exhibits are the kind of decorative pieces that well-to-do merchants of the Qajar period would have had in their homes; mirror-cases, books, a perfectly splendid cat made from steel, daggers and enamelled tableware. Qajar connoisseurs (a rare breed) will find pieces never before loaned out of private collections, and others which are usually buried in museums' lumber-rooms.

A small group of 19th-century photographs sketches in some sort of background. The Qajars were the dynasty which ruled Iran from the 1790s and through the last century. We see pictures of two great Qajar rulers, Fath Ali Shah and Nasr al-Din Shah, and pictures of eunuchs and the women of the *anderun*, which was the Iranian equivalent of the harem. Fath Ali Shah, you may recall, was the sexually hyperactive monarch notorious for having left some 5,000 legitimate heirs.

His successor but one, Nasr al-Din Shah, was more moderate, with a mere 60 or so concubines in his *anderun*. An album of portrait-photographs of these ladies implies they were dreadfully plain, perhaps because eyebrows that met above the nose were considered beautiful; if nature did not oblige, the gap was briged with a tattoo.

Photographs of drawing-rooms of the period give a strangely "Victorian" impression, with a mass of bric-a-brac, standard lamps and upholstered furniture with long fringes. A tidal wave of European influence was flooding through the Middle East in the 19th century, and fashionable society in Iran was thirsty for images of the Western way of life. Traditional miniature painters responded by lifting images from Western prints and photographs. They borrowed landscapes, they borrowed Holy Families. Most of all, however, they imported images of European women.

Lacquer pencases and book-covers feature prominently in the exhibition because they were favourite places for paintings of this sort. Persian lacquerware was unusual in being made out of *papier-maché*, and I do not much care for its toffee colour. Even so, there is so much charm to the way Persian artists represented European society. The traditional Iranian heroes and heroines were not entirely abandoned, nor bird-and-flower designs. But the fashionable subjects were taken, very selectively, from western sources.

Ingres-type women with fans lean against mantlepieces and Gainsborough-type ladies wear wigs like piles of sausage rolls. Vaguely Elizabethan banqueting scenes allowed artists to show ladies in daring necklines committing the enormity of sitting down to eat with their menfolk. Men and women take the air in open carriages wedged tightly together. To the merchants of Tehran and Isfahan, images like these must have hinted at the charms of a Europe which was scandalously, yet deliciously, decadent.

Video

Stop mugging the paying public

I AM in an office at 20th Century Fox in Los Angeles and Mel Brooks is screaming at me across his desk. "Hollywood – this is the lead of your article! – Hollywood doesn't care about art. It just wants to make hits! People think *Home Alone* is a good movie because it made $550m worldwide. But people think it's a good film because they like things that are easy, they like bland crap! I made a film called *Life Stinks*. . . ."

And he is off, talking my ears raw about *Life Stinks* and how good it is and how it salutes the human condition and how "the marvellous spirit of comedy surfaces even in the depths of degradation." What has happened to the man? Five minutes ago he had a sense of humour.

The video age has happened. Mr Brooks knows that *Life Stinks* is coming out on video in Britain, a country I represent via a pink newspaper, and this presentation of his is "Publicity Push 2: the Cassette Phase." It is his last chance to ensure that a film that made no money at the box-office (except, he points out insistently, in Italy) makes some from the video market.

Life Stinks is not a good film, but it is decent-hearted and it, yes, salutes the human condition. Month by month the video lists fill up with items that have no interest in any condition other than that of their distributors' wallets. January is a worse month than most, because the quality product came out before Christmas and we are now deluged with things like *The Brain Eaters*, *Earth Vs The Spider* and *Psycho IV*, interspersed with last year's spendthrift also-rans like *The Godfather Part III* (CIC).

A video shop is a wondrous place: all that blood and violence splashing about on cassette jackets. But although the most lurid jackets are usually those advertising made-for-video cheapies, identifiable by key words in the titles like "murder", "scream" or "blood," mainstream commercial films now have to compete with these eye-catchers. So they resurface on video, after a possibly shaky theatrical run, wearing a bold, bright jacket with splashy graphics and a scroll of critical encomia. Never mind that few critics can remember saying anything good about the film concerned.

At the same time men like Mr Brooks must indulge in their lunatic hype to coin a little more money from a failed film in order to keep their places a little longer on the Hollywood payroll.

It is a demented cultural-economic climate. Critics are sometimes asked why they express negative or carping opinions about a work of cinema. The answer is: because they are the only people allowed to do so. No one else connected with the industry, when assessing a film, is permitted to point out that the Emperor is naked; or even to offer hints that the weather is a little chilly, your majesty, and you might want to throw on a scarf.

The reason that advertising overkill exists in the video arena even more than the theatrical one is that few critics are any longer on guard duty. Most of them have done their job, or think they have, the first time around in the B.C. or "Before Cassette" era. Hence the anomaly that when a film is video-released and most viewers actually come around to seeing it, no professional guidance is on offer: except from video magazines which largely exist to sell, not to assess, the software.

Two ringing exhortations, therefore. Critics, you should be more aware of how and when film viewers actually view films. Men and woman of the industry, you should stop trying to mug the paying public whenever it comes around the corner into Video Alley without a policeman in sight.

Enough, or I shall risk shouting across the furniture like Mr Brooks. Let us now graciously salute that film-maker's talent, forgive him for *Life Stinks*, and remember that nearly all his good films are on video. They include *The Producers*, *Blazing Saddles*, *Silent Movie* and (my favourite) *The History Of The World Part 1*. Meanwhile the best non-Brooks January release is *Listening To Britain: A Jennings Trilogy* (Imperial War Museum, COI). This comprises three of Humphrey Jennings's masterly war documentaries combining patriotism, humour and a tender, caustic visual poetry.

Nigel Andrews

Chess No 904: 1 b5+ Ka5(Kb6 2 Rd6+ Qxd6 stalemate) 2 b6+ Ka6 3 b7 Qc6 4 Rd7 Qxd7(Kb6 5 Rd6) 5 b8N+ draws(not 5 b8Q? Qc6+).

A little light music

Ronald Crichton visits Paris and Nantes in search of comic opera

IN THE days after Christmas Paris looks surprisingly empty, except for queues – queues for theatres, big stores and above all for major art exhibitions. On New Year's Eve the queues spread to food shops and not, you may be sure, because of shortages. At one famous *traiteur*, not a mile from the Madeleine, staff were offering champagne to queuers. Inside, the assistants were disobliging enough to qualify for automatic British citizenship. There was however a difference. Their impatience is not caused by ignorance or lack of interest but by unconcealed feelings of superiority.

In and around the Champs-Elysées, the trees glisten after dark with ropes of tiny white lights – simple but magically effective. The Southern end of the Madeleine is shrouded in mysterious, pearly blue, but I was disappointed to find no special illuminations this year for the old Opéra, the Palais Garnier. Indoors, the house was full and well sprinkled with children for a Saturday matinée of the ballet *Romeo and Juliet* in Nureyev's 1984 version, resplendent with Patrick Dupond, Monique Loudières, Eric Vu An and Yann Bridart. A centenary offering to Prokofiev, no doubt, but I must confess that, coming back to it after some time, the score as a whole does not wear terribly well.

Lovers of that splendid building will be delighted to hear that culture minister Jack Lang has announced the completion of the redecoration and considerable enlargement of the West wing, where the Opéra's mouth-watering museum collections have long been housed in cramped conditions. They will now be displayed in showcases specially designed by Richard Peduzzi. The space, with larger reading rooms and better facilities for temporary exhibitions, will presumably embrace Garnier's gaunt Egyptian staircase at the foot of which one half-expects to discover the crouching form of Aida.

At the Opéra-Comique down the boulevard, where formerly a fine line of distinction existed between comic opera and operetta, the barriers are down with a vengeance. The Christmas show was not even an operetta but a twenties-style revue by Patrice Thoméré and Alain Lagarde, punningly called *L'as-tu revue?* Not, as you might think, a pure nostalgia trip but a fantasy on 1920's entertainment themes with a few old songs. The new ones in the old style and the linking passages are by Jean-Michel Dalmase.

Little evocation of stars of the past – not a sight of Maurice Chevalier's straw hat. The only Josephine Baker number I identified was sung by a Nordic-type blonde, Arielle Dombasle. Built around the personality and versatile talents of the indomitable, inextinguishable, veteran baritone Gabriel Bacquier, smoothly directed by Olivier Bénézech in décors by Lagarde and brilliant costumes by Christian Lacroix, eye and ear were agreeably entertained. It was nice to hear the music-hall song about a wooden leg which Stravinsky used in the fairground music in *Petrushka*.

Otherwise big musicals loom large, with *West Side Story* at the Châtelet, *Les Misérables* at the Mogador and *Peter Pan* at the Casino de Paris. To find a real French comic opera I went to Nantes, where at the handsome theatre-promoted-to-opera-house queening it over the Place Graslin, a stone and stucco circus with streets radiating star-wise (imagine a theatre in such a commanding position in a British city!) there is a new production of Messager's *La Basoche*.

Messager was a conductor of great distinction, responsible among other good deeds for the first performance of Debussy's *Pelléas*. He was also a composer of light music of the finest quality. *La Basoche* appeared at the Opéra-Comique in 1890 and remained in the repertory for years. D'Oyly Carte staged it in London as *The King of the Students* at the short-lived English Opera House, where it succeeded Sullivan's *Ivanhoe*.

Arielle Dombasle and Gabriel Bacquier in 'L'as tu Revue'

The Basoches were student associations traditionally granted some licence: they elected their own "king" and gave performances of satirical and no doubt scurrilous plays. One of their "kings" was the poet Clément Marot, who in the opera (Albert Carré's libretto is ingenious but complicated) catches the eye of the young English Princess Mary, sister of Henry VIII, coming to Paris as the second wife of Louis XII. Being a lively young woman she arrives a day early, *incognita*, to see Paris for herself. One result of their meeting is that Marot's wife Colette has to be passed off as the Princess. When the truth comes out Mary is dismayed, Marot being a more attractive proposition than the ageing genuine King (in real life, Louis died soon after the marriage, leaving Mary free to return home as Duchess of Suffolk).

The music is light as air, with the subtle harmonic touches Messager managed so well, equally happy in pastiche 16th century songs and in ensembles with an unexpected whiff here and there of *Die Meistersinger* – Messager, a fine Wagner conductor, had recently enjoyed that work at Bayreuth. One is grateful to Nantes for rescuing *La Basoche*, now surely due to join the rediscovered *Fortunio* in the repertory, even though the production by Philippe Arlaud is not very distinguished.

Two performers stood out – the stylish, experienced Jean-Louis Soumagnas as Maître Roland, Marot's rival for the student kingship, and Sophie Fournier as Marot's wife Colette. Her singing was sometimes insecure but she perfectly caught the note of warm-hearted rural innocence with a touch of slyness. As the Duc de Longueville, sent to accompany Mary to France, Vincent Le Texier showed why "Elle m'aime!" became the opera's best-known number, but elsewhere forced the comic note relentlessly. Conductor Jean-Louis Forestier's feeling for tempi was sure. Perhaps the grandly-named Orchestre Philharmonique des Pays de la Loire slightly underrated the difficulty of accompanying comic opera at this level.

Radio

Nostalgic about Communism

THE TEMPTATION to mark New Year's Eve by recalling all that happened in the year was resisted by all the BBC networks except Radio 1, who gave us a *Top 40 of the Year*. To mark New Year's Day with forecasts for the coming year was a privilege given only to the Prime Minister, interviewed by James Naughtie, though the previous day BBC correspondents, chaired by Gordon Clough, gave their own conceptions.

Surely one of the more important events of 1991 was the demise of the Communist Party. I belonged as a boy to the British bit until I made a change into the Junior Imperial League; and I could not like anyone who, when young, did not find something generous about the idea of communism. Many good names were remembered in Radio 4's *Damn, Damn, Damn, the Communist Party Man* on Sunday.

Intellectuals were recalled rather than such folk as "Red Ken" at Morris Motors; and many changed their minds. C. Day Lewis felt "kind of romantic" and (less attractively) thought that "officer-class minds" could direct the workers. No one minded his becoming Poet Laureate in due course. Stephen Spender "wasn't really at heart a communist", and he was later knighted. The Spanish civil war was a focus for sentiment as well as politics; from it grew, tortuously, Penguin New Writing. The Unity Theatre was an influential fringe house, and many good people worked there, including Roger Woddis, my personal Poet Laureate. Graham Greene had communist friends, but was not himself a party member.

The programme was sympathetic rather than seductive, and did not keep Sir Michael Checkland's name out of the Prime Minister's list on Tuesday.

My favourite programmes over the year's end were *From Guitry to Godard*, concerts of French popular songs that Richard Mayne presented from Saturday to Friday (not Sunday). Each covered a decade, and the songs were taken only from films – the sole possible excuse for not including Jean Sablon. On Saturday we had the 1920s; there was no sound on the movies then, but apt songs could always be found – Edith Piaf grinding out "Ça ira", for instance, or Yvonne Printemps fully operatic in an aria.

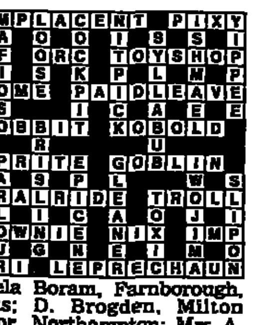
In the 1920s we had Chevalier in "Valentine" and Danielle Darrieux, very sad, in "Déjà". But the 1930s had songs still often enough heard to keep them vaguely familiar. Here were Patachou in the programme's theme-song, "Sous le Ciel de Paris"; Josephine Baker singing "C'est lui"; Darrieux again, as a Russian princess challenging the weather, "Il peut neiger"; Fernandel longing to be *tutoyé*; Yvonne Printemps, not a day older, singing "Je ne sais pas ce que l'on pense"; and the discovery of the season, Charles Trenet, in "Je chante" and "Il pleut dans ma chambre". There were also such treasures as Yves Montand, Zizi Jeanmaire, Brigitte Bardot, Charles Aznavour, Jane Birkin (once banned by the BBC!). Never mind about understanding French; the songs and the singers were, and are, enchanting.

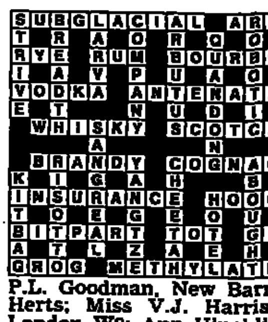
Radios 3 and 4 both had continuing "Consequences" games over the holiday. They were joined by Radio 5 in *Chain Reaction* from Tuesday onward. The idea was that on Day 1, A interviews B; on Day 2, B interviews C; on Day 3 – get it? But they picked the wrong names. On Tuesday, Ralph Steadman interviews John Cleese. Steadman once drew a great dust-cover for a book of mine; but he is no interviewer, and Cleese kept interrupting him. Cleese interviewed American novelist William Goldman, who wrote the scripts of such films as *Marathon Man* and *Butch Cassidy*; but he was seldom made to sound interesting. Then Goldman interviewed Sir Ian McKellen, and he in his turn Glenys Kinnock; but I wasn't listening by then.

Two errors in my summary last week. One, the genes programme didn't go out on Christmas Day; two, *Mind the Gap* was not transferred from Radio 1 to Radio 4 but the other way round.

B.A. Young

Christmas Crossword solution





Pamela Boram, Farnborough, Hants; D. Brogden, Milton Malsor, Northampton; Mrs A. Chisholm, Birkdale, Southport, Merseyside; N. Clare, Barrowford, Nelson, Lancashire; J.S.H. Gibb, Edinburgh; P.L. Goodman, New Barnet, Herts; Miss V.J. Harrison, London W8; Ann Hinchliffe, Thornbury, Bristol; W.A. Howard, Birchgrove, Swansea; M. Rossor, Berkhamsted, Herts.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. Ten minutes of fun and laughter. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand introduced by Steve Rider. *Including 12.20 Football:* News from the FA Cup Third Round. 12.40 Racing from Haydock Park: Arlington Premier Series Steeplechase. 12.55 Football. 1.05 News. 1.10 Racing: Mitsubishi Shogun Trophy (H'cap Chase). 1.25 Ski-Jumping: The third of the Four Hills event, from Innsbruck, Austria. 1.40 Racing: The Newton Steeplechase. 1.55 Darts: The World Championships from the Lakeside Country Club, Surrey. 2.30 Cyclo-Cross: The *British Open Championship from* Harlow. 3.30 Ski-Jumping: Continued coverage. 3.50 Football Half-Times. 4.00 Cross-Country from Matlock. 4.35 Final score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Noel's House Party. With guests Shane Richie and Jim Bowen.
6.10 Film: War Games. A young computer buff unknowingly hacks into the Defence Department's early warning system, and starts the countdown to World War Three. Starring Matthew Broderick and Dabney Coleman (1983).
7.55 Moon and Son. New series. Millicent Martin stars in this light-hearted thriller as a clairvoyant and astrologer, with a gift which is more instinctive than psychic.
8.50 Film: Baby Boom. A successful career woman (Diane Keaton) is left holding the baby when her cousin and his wife die, leaving her with their 13-month-old daughter. James Spader and Sam Shepard also star (1987).
10.35 News and Sport; Weather.
10.55 Match of the Day. Desmond Lynam introduces highlights of the day's football action as teams from the non-League and lower divisions take on First Division clubs in the Third Round of the FA Cup. Featuring three matches, including Crawley v Brighton.
12.05 Film: Chase. A lawyer returns to her home town and finds herself defending a man accused of murdering an old friend. Starring Jennifer O'Neill and Robert S Woods (1985).
1.35 Weather.
1.40 Close.

BBC2

8.45 Open University. 11.55 I'd Like to Teach the World to Sing. 11.45 Just Another Day. 12.15 pm Film: Ride in the Whirlwind starring Cameron Mitchell, Jack Nicholson, Millie Perkins and Katherine Squire..

1.35 Animation Now. Narrated by Orson Welles.
1.45 Heirs and Graces. Berkeley Castle, the ancestral home of the Berkeley family since the 11th century, was the scene of Edward II's murder. Lady Victoria Leatham recalls ancient family scandals; John Bly explores the link between chair design and social history and James Stourton appreciates the castle's art.
2.15 Network East.
2.45 Mahabharat. (English subtitles).
3.25 Film: Foxfire. Jessica Tandy stars *as an ageing, widowed woman* living in the Appalachian hills who refuses to leave her home, despite tempting offers from developers. Also starring Hume Cronyn, John Denver and Gary Grubbs (TVM 1987).
4.55 Darts World Championships. First Round matches from the Lakeside Country Club, Surrey. Featuring Eric Bristow v Jann Hoffmann and Bob Anderson v Ronnie Baxter.
6.45 Crufts 92. As the canine world prepares *for the major event of* its year, Angela Rippon and Mike Stockman set the scene.
7.15 News and Sport; Weather.
7.30 Tortelier Masterclass. Brahms' Sonata in F Major, *first shown in* 1974, and repeated as a tribute to French cellist Paul Tortelier.
8.15 Freddie Mercury: A Tribute. Elton John introduces a programme celebrating the life and work of Queen lead singer Freddie Mercury.
9.05 Moving Pictures. The first full-length portrait of controversial director Sam Peckinpah, who died in 1984. Ali MacGraw and Jason Jobards reflect on working with him.
10.25 Film: Pat Garrett and Billy the Kid. Garrett, the gunman-turned-sheriff, sets out to catch his one-time friend Billy the Kid. Western directed by Sam Peckinpah, starring James Coburn and Kris Kristofferson (1973).
12.30 Darts World Championships. Bob Sinnaeve v Paul Lim, John Lowe and Chris Johns. Introduced by Eamonn Holmes.
1.35 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy preview the leading ties in the FA Cup third round. *Plus the* best action from the New Year matches.
1.55 The Day.
2.00 Ski Tips. New series. With ski instruction and resort information.
2.30 Cobblestones, Cottages and Castles. David Young and his dog travel around the South West in search of interesting architecture.
3.00 Snooker – The Mercantile Credit Classic. Nick Owen introduces the action.
4.45 Results Service. Round-up of the day's football results.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! hosted by Pat Sharp.
5.25 Baywatch. Starring David Hasselhoff.
6.15 Blind Date.
7.15 Barrymore. New series. Join Michael for an evening of fun as he meets the weird and wonderful people of Britain.
8.00 Inspector Morse. The mysterious death of an ex-Deputy Police Commissioner brings Morse into reluctant contact with an old professional rival, Chief Inspector Dawson. Morse and Lewis, in uneasy tandem with Dawson, spot a link with the unsolved murder of a young girl 18 years before.
10.00 ITN News; Weather.
10.15 LWT Weather.
10.20 Tarrant on TV. Idiotic International TV snippets, including how commercial makers capitalised on the flood of sentiment *resulting from the Gulf War.*
11.20 Snooker – The Mercantile Credit Classic. Introduced by Nick Owen from the International Centre, Bournemouth. Jimmy White begins the defence of his title; **ITN News Headlines.**
12.25 Get Stuffed.
12.30 The Big E.
1.30 Get Stuffed; ITN News Headlines.
1.35 WCW Pro Wrestling; ITN News Headlines.
2.35 New Music.
3.35 American College Football 1991.
4.30 *The Hit Man and Her New Year* Party.

CHANNEL4

6.00 Early Morning. 9.30 Film: Charlotte's Web animated feature with the voices of Debbie Reynolds, Henry Gibson and Agnes Moorehead. 11.10 Kabaddi. 11.45 Pro-Celebrity Golf in which the Sportsmen, Sandy Lyle and Kenny Dalglish, take on the Entertainers, Gary Player and Bruce Forsyth. 12.45 pm American Football: Red 42.

1.15 Willie the Kid.

1.25 Racing from Sandown Park introduced by John Francome. Including at 1.30 Portsoken Novices' Chase, 2.05 Baring Securities Tolworth Hurdle, 2.35 Anthony Mildmay, Peter Cazalet Memorial Handicap Chase, and 3.05 Oriental Handicap Chase.

3.25 Film: Woman's World. Three top salesmen and their wives are summoned to *New York* by the boss, who wants to choose a new general manager. Starring Clifton Webb and June Allyson with Van Heflin, Lauren Bacall and Cornel Wilde (1954).

5.10 Brookside.; News Summary.

6.35 Film: The Glenn Miller Story. An account of the life of the unforgettable bandleader, who died during World War Two. Starring James Stewart with June Allyson, Henry Morgan and Louis Armstrong (1954).

8.45 American Football. The second week of post-season play in the NFL features two games involving the Divisional winners and the survivors of last week's Wild Card games. Mick Luckhurst brings live coverage of the whole of the second play-off game between the Denver Broncos and the Houston Oilers and Gary Imlach reports with highlights from the other. The winners will *be just one game from the Super*bowl.

12.30 Film: Aphrodite Goddess of Love. Historical drama about a young Roman sculptor who falls in love with the Christian girl modelling for his statue of Aphrodite. With Isebelle Corey and Ivo Garani (1957) (In Italian with English subtitles).

2.25 The Word (another chance to see Friday's show).

3.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Ski Tips. 1.05 Anglia News 1.55 Snooker – The Mercantile Credit Classic. 5.05 Anglia News and Sport 5.15 Cartoon Time.
BORDER:
1.05 Border News. 1.55 Snooker – The Mercantile Credit Classic. 5.05 Border News and Weather 5.15 Cartoon Time.
CENTRAL:
1.05 Central News 5.05 Central News 5.15 Central Sports Special – Goals Extra. 5.20 Cartoon Time. 10.15 Local Weather.
CHANNEL:
1.05 Diary Dates. 1.55 Motorsport Special. 2.25 Snooker – The Mercantile Credit Classic. 5.05 Channel News. 5.15 Cartoon Time.
GRAMPIAN:
12.30 Ski Tips. 1.05 Grampian Headlines 1.55 Abairl 2.15 Snooker – The Mercantile Credit Classic. 4.45 Scotsport Results. 5.05 Grampian *Headlines 5.10 Criomagan. 5.15 Cuirm Cioinne.* 10.15 Grampian Weather.
GRANADA:
12.30 Superman. 1.05 Granada News 1.55 Snooker – The Mercantile Credit Classic. 5.05 Granada News 5.15 Silly Symphonies.
HTV:
12.30 Superman. 1.05 HTV News. 1.55 Ski Tips. 2.25 Snooker – The Mercantile Credit Classic. 5.05 HTV News and Sports Results
HTV Wales as HTV except:
5.05 HTV News and Sports Results 5.20 Cartoon Time.
SCOTTISH:
1.05 Scotland Today. 1.55 Snooker – The Mer*cantile Credit Classic. 4.45 Scotsport Results.* 5.05 Scotland Today 5.15 Cartoon Time. 10.15 Scottish Weather.
TSW:
12.30 The South West Week. 1.05 TSW News. 1.55 Snooker – The Mercantile Credit Classic. 5.05 TSW News. 5.15 Cartoon Time. 10.15 TSW Weather.
TVS:
12.30 Superman. 1.05 TVS News. 1.55 Motorsport Special. 2.25 Snooker – The Mercantile Credit Classic. 5.05 TVS News. 5.15 Cartoon Time.
TYNE TEES:
12.30 Riverside. 1.05 Regional News. 1.55 Snooker – The Mercantile Credit Classic. 5.05 *Northern Life Sport Special. 5.15 Cartoon Time.*
ULSTER:
12.30 Blockbusters. 1.05 Ulster Newstime 1.55 Snooker – The Mercantile Credit Classic. 5.05 Ulster News and Sport 5.15 Cartoon Time. 10.15 Ulster Newstime
YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News 1.55 Snooker – The Mercantile Credit Classic. 5.05 Calendar News 5.15 Cartoon Time. 10.15 Local Weather.
S4C Wales as Channel 4 except:-

9.30 Jeifin. 10.00 Joe Smith, American. (1942) 11.10 Pallas. 11.45 Rikishi in London. 6.30 Really Rosie. 7.00 Newyddion Nos Sadwrn. 7.20 Bacha Hi O 'Ma. 8.05 Dr Elen. 9.05 American Football.

SUNDAY

BBC1

8.40 The Four Great Seasons. 9.10 News. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Fast Feasts. 11.00 Into Print.

11.30 Lingo! How to Learn a Language. With Tom Vernon, Andrew Sachs and Samantha Bond.
12.30 Country File. Rupert Segar reports from Ireland on a rural settlement project where families forsake city life and move to the countryside.
12.55 Weather for Farmers.
1.00 News; Paradise. New series. The lives of Ethan Cord and his niece hang in the balance when they are bitten by a rabid wolf.
1.55 Cartoon.
2.00 EastEnders.
3.00 Match of the Day. Desmond Lynam introduces live action from the FA Cup Third Round game between Leeds United and Manchester United at Elland Road. *Plus the draw for the 4th* round from Lancaster Gate.
5.10 Play It Safe. Anneka Rice takes on a new challenge to persuade viewers that something can be done to keep our children safe.
5.40 Antiques Roadshow. Hugh Scully and his team of experts call on Queensferry in North Wales.
6.25 News.
6.40 Songs of Praise. Hundreds of bell-ringers congregate at St Martin in the Fields to sing their favourite hymns.
7.15 Film: Young Sherlock Holmes. The great detective and his assistant, Watson, meet as teenage students, and trace some mysterious murders to an eastern cult. Starring Nicholas Rowe and Alan Cox with Susan Fleetwood and Freddie Jones (1985).
9.00 News and Weather.
9.15 See for Yourself – A Biteback Special. The Director General of the BBC, Michael Checkland, faces a grilling about the standard of programmes on BBC TV and radio, from an audience consisting of 100 viewers and listeners.
10.15 Everyman explores altruism, the selfless concern for others.
10.55 The Nobel Century. New series. Looking at Alfred Nobel, the inventor of dynamite, who bequeathed his fortune to the development of peace and intellectual fulfilment.
11.45 Mahabharat.
12.25 Weather.
12.30 Close.

BBC2

7.25 But First This On Two; Crystal Tipps and Alistair. 7.30 Hallo Spencer. 7.55 Playdays. 8.15 Two by Two. 8.30 Telling Tales. 8.45 Babar. 9.10 Blood and Honey. 9.30 Defenders of the Earth. 9.55 The Best of Blue Peter. 10.15 Thundercats. 10.40 Strangers. 11.05 Boxpops. 11.45 *The O-Zone.* 12.05 Cartoon. 12.10 pm Oliver Twist.

1.00 Opera Season. Julius Caesar, Handel's three-act opera, is given a contemporary Middle Eastern setting by controversial American opera director Peter Sellars. The leader of a major world power visits a global trouble spot in the area, and the story unravels at the poolside of a hotel.
5.00 Rugby Special. The new year kicks off with coverage of the Division One match between Harlequins and Bath.
6.00 Ski Sunday. This special edition features the non-alpine skiing disciplines represented in the Winter Olympics, including the Nordic biathlon, ski jumping and the demonstration events of freestyle skiing – ballet and aerials.
6.35 The Money Programme. Storm Clouds Gather. With the economy still in recession and pressure on the pound growing. The Money Programme reports on the prospects for the economic crisis. Peter Jay examines the impact of continuing high interest rates and, in possibly the last major interview with a Treasury minister before Budget purdah begins, talks to Treasury economic secretary John Maples about the Government's determination to keep interest rates high in order to defend sterling within the ERM.
7.15 The 1992 London International Boat Show.
8.10 Signs of the Times. New series. A *five-part documentary series* examining perceptions of good and bad taste in British homes. The first film, Marie-Louise Collects Bric-a-Brac, is a comedy of manners about couples with incompatible taste.
9.00 Film: Bird. Biopic of Charlie Parker, America's greatest black saxophonist who, behind his on-stage popular image, led a troubled private life. Starring Forest Whitaker. Directed by Clint Eastwood (1988).
11.35 World Darts Championships. Round One matches from the Lakeside Country Club, Surrey.
12.40 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.
1.10 50ft Yacht Racing Nantucket/Newport.
2.10 Film: Anna – The Movie. Sequel to the recently shown mini-series. Anna has now become a promising ballerina and Rainer has become her steady boyfriend. But after meeting a fascinating young American dancer, Anna is no longer sure of her feelings or of her career. Starring Silvia Seidel and Patrick Bach.
3.55 Snooker – The Mercantile Credit Classic. From the International Centre, Bournemouth.
5.30 Bullseye.
6.00 Animal Country. Sarah finds a kinkajou, and a python gets to grips with the cameraman.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry visits Malmesbury and meets one of the town's best known residents, actor James Grout.
7.15 You've Been Framed! New series.
7.45 Film: Agatha Christie's Poirot. The Belgian detective is mystified to receive a strange letter signed ABC. But when Mrs Ascher of Andover is found murdered with an ABC Rail Guide placed near her, Poirot finds himself on a manhunt through the alphabet. Starring David Suchet and Hugh Fraser.
9.45 ITN News; Weather.
10.00 Regional Weather.
10.05 The South Bank Show. Profiling Douglas Adams, one of the most successful and original writers in the world. This programme explores the sources of his ideas and imagination.
11.05 Snooker – The Mercantile Credit Classic. Highlights.
12.30 Jean-Michel Jarre – Paris!; ITN News Headlines.
1.45 The ITV Chart Show.
2.40 Film: Cloud Dancer. A championship aerobatic pilot is torn between his career and the woman he loves. Starring David Carradine and Jennifer O'Neill (1977); **ITN News Headlines.**
4.40 Out of Limits.
5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles) 10.00 Kabaddi 10.30 Pro-Celebrity Golf. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Hello Dolly! A widowed matchmaker has romantic designs on a wealthy grain merchant. Oscar-winning Hollywood musical, starring Barbra Streisand, Walter Matthau and Michael Crawford. Louis Armstrong also makes a brief appearance (1969).

4.40 For Whom the Bull Tolls. Pamplona's annual festival includes a daily race in which bulls and people charge down a terrifying half-mile route. Craig Ferguson *reports from the festival while co-*presenter Angelo Abela joins in the race.

5.25 News Summary.

5.30 Dig. Re-run of the unorthodox gardening magazine presented by Carolyn Marshall.

6.00 The Return of The Magic Roundabout. Nigel Planer, who narrates the new series, debunks a few televisual myths and presents interviews with many stars who fondly recall the series.

6.30 The Wonder Years.

7.00 Ladakh – The Forbidden Wilderness. Naresh Bedi's film, shot in the remote region of Ladakh which borders on India, Pakistan and Tibet, tracks down the elusive snow leopard.

8.00 Fangio. Ace Argentinian racing driver Juan Manuel Fangio recently celebrated his 80th birthday. This programme presents a profile of the five-times world champion.

8.30 American Football. Live coverage of the game between the Buffalo Bills and the Kansas City Chiefs.

10.00 Film: Stand by Me. Based on a short story by Stephen King. Sentimental American drama which chronicles four boys' passage from adolescence to adulthood. Wil Wheaton, River Phoenix and Kiefer Sutherland star (1986).

11.40 Paul Brady – Echoes and Extracts.

12.55 Animation.

1.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.25 The Spectacular World of Guinness Records. 12.50 Anglia News. 1.10 The Story of Steam. 2.00 Cartoon Time. 6.35 Anglia News.
BORDER:
12.30 Gardening Time. 12.55 Border News. 1.10 An Invitation to Remember. 1.40 Perspective. 5.30 Scotsport. 6.35 Border News.
CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.10 The Home Countries Triathlon. 6.00 The Spectacular World of Guinness Records. 6.35 Central News
CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 1.10 Dr Seuss on the Loose. 1.40 Ski Tips. 6.35 Channel News.
GRAMPIAN:
10.45 Peppino. 11.15 Perspectives. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 1.10 Bewitched by a Dol*phin. 5.00 Scotsport. 6.00 Scotland's War.* 6.35 Grampian Headlines
GRANADA:
12.25 Close to the Edge. 1.10 Anna – The Movie. 2.55 Taylor and McMenemy. 3.25 Bullseye 5.30 Coronation Street. 6.35 Granada News
HTV:
12.30 Regents Park. 12.55 HTV News. 1.10 German Touring Car Championships. 6.35 HTV News
SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 Day Out with Dana. 12.55 Scotland Today. 1.10 McCloud. 5.00 Scotsport. 6.00 Scottish Action on the Elderly. 6.35 Scotland Today
TSW:
12.30 TSW Farming Week. 12.55 TSW News. 1.10 Fisheries News. 1.25 Max Bygraves Singalong Years. 2.25 Cobblestones, Cottages and Castles. 2.55 Backtrack. 6.35 TSW News.
TVS:
12.30 TVS News. 12.33 An Invitation to Remember. 1.10 Dr Seuss on the Loose. 1.40 Ski Tips. 6.35 TVS News.
TYNE TEES:
12.25 Jack Thompson Down Under. 12.55 Regional News. 1.10 Anna – The Movie. 2.55 The Back Page. 3.25 Way of the Lakes. 6.35 Regional News.
ULSTER:
12.30 Gardening Time. 12.55 Ulster Newstime 1.10 Anna – The Movie. 2.55 Spectacular World of Guinness Records. 3.25 Bullseye. 5.30 Coronation Street. 6.35 Ulster News and Sport 10.00 Ulster Newstime.
YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 1.10 The Cashmere Trail. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News.
S4C Wales as Channel 4 except:-
9.25 Blue Murder at St Trinian's. 11.00 Voyage to the Bottom of the Sea. 1.00 The Trainer Wars. 2.00 Carreras, Domingo, Pavarotti, Mehta in Concert. 3.40 Mozart's Piano Concerto in G Major. 4.15 Snapshots. 4.30 The Crystal Maze. 5.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Salith Ar Y Sul. 7.25 Licyrls Olsorts. 8.05 Hel Straeon. 8.35 Dechrau Canu. Dechrau Canmol. 9.05 Mwy Na Phapur Newydd. 9.50 American Football 91-92. 11.20 Pallas. 11.25 Monty Python Live at the Hollywood Bowl.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.30 Gyles Brandreth. 1.00 Round the Horne. 1.30 The Stan Freberg Show. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Junkin's Jokers. 4.30 The Great Musicals. 6.00 Cinema 2. 6.30 Music by Elmer Bernstein. 6.00 Bob Holness Requests the Pleasure. 7.00 The Pasadena's Almanac. 7.30 The Massed Bands of the Royal Air Force. 8.30 Easy Does It. 10.00 The Arts Programme. 12.05 Mel Tormé. 12.35 Night Ride. 3.00 A Little Night Music. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Maths Access: Countdown to Graphs. 6.55 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Martin Roscoe (piano). 9.30 Saturday Review. 12.05 Words. 1.00 News. 1.05 Fishguard Festival 1991. 2.00 Rafael Kubelik. 4.00 Chopin. 4.30 Jazz Record Requests. 5.15 Third Opinion. 6.00 Live from the Met. 9.35 Jascha Heifetz. 9.55 Ulster Orchestra. 11.10 Mozart Through the Looking Glass.

12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; Talking Politics.
12.00 Money Box.
12.25 Just a Minute!
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: The Angel of Rome.
4.00 The Art of Travel.
4.30 Science Now.
5.00 What If?
5.25 Family Fortunes.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 Year Pending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial. The Betrothed.
8.50 Only Connect.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Northern Lights.
10.45 For He is an Englishman.
11.00 Richard Baker Compares Notes.
11.30 The End of the Road Show.
12.00 News.
12.20 Weather; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
8.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.05 Six-O-Six.
7.30 Le Top.
8.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup.
10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres *Midi. 11.45 Mittagsmagazin.* 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued.
4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice.
8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News; Seeing Stars 10.20 Meridian. 10.50 Sports Roundup. 11.00 News: Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: *Yabuhara – The* Blind Master Minstrel.
2.00 Newsdesk. 2.30 The Birth of the Big Band. 3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
7.00 Don MacLean Says Good Morning Sunday. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden

BBC RADIO 3
6.55 Weather; News Headlines
7.00 Morning Concert.
8.30 News.
8.35 Music for the Serenissima.
9.15 Sounding Brass
10.15 Music Weekly.
11.00 From the Proms 1991.
1.00 News.
1.05 Signposts.
1.20 Your Concert Choice.
2.45 Dietrich Fischer-Dieskau
3.50 Poet of the Month
4.10 BBC Scottish Symphony Orchestra.
5.15 Opera News.
6.00 Epiphany Carol Service.
7.00 Chopin.
7.30 Sunday Play.
9.45 BBC Philharmonic.
10.30 Russian Rites.
12.00 News
12.05 Close

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News. Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday
8.50 The Week's Good Cause
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Year
12.15 Desert Island Discs
12.55 Weather.
1.00 The World This Weekend
1.55 Shipping Forecast.
2.00 Gardeners' Question Time
2.30 Sunday Playhouse
4.00 Kenwell: 1529
4.47 The Great Bug Hunt.
5.00 News: Coastline.
5.40 Personal Obsessions
5.50 Shipping Forecast.
5.55 Weather
6.00 News
6.15 The Village.
6.30 Best Behaviour.
7.00 How Green is My Salad?
7.30 Bookshelf
8.00 Concerto
9.00 The Natural History Programme
9.30 Special Assignment.
9.59 Weather
10.00 News
10.15 Sprinkle of Nutmeg.
11.00 Anonymous in Peckham, Slotting In in *Houghton.*
11.30 Seeds of Faith.
11.45 Before the Ending of the Day.
12.00 News and Weather.
12.33 Shipping Forecast.
12.44 (FM) Close.
12.44 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk
6.30 Meridian Reports
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Chris Columbus.
11.00 News and Sport; *Blood, Sweat and Beers.*
11.30 A Century Remembered
12.00 News and Sport.
12.05 Ring a Winner.
1.00 News: Sport; Football Extra.
5.00 Sport; Bob Hatton Rattle
6.00 Sports Bulletin.
6.05 Mission Investigates.
6.30 Swallows and Amazons.
7.00 Sports Bulletin.
7.15 Euromix
8.00 Paso Doble
8.30 France Extra!
9.00 *Deutsch Direkt.*
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres *Matin.* 7.00 News; Twenty-Four Hours; News Summary. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News; Business Review. 9.15 Seeing Stars. 9.30 The Best of British. 9.45 Sports Round-up. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News Summary. 12.01 *Play of the Week: Yabuhara – The Blind Master Minstrel.* 1.00 Newshour. 2.00 News Summary. 2.01 The Battle of the Bikes. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features 5.00 News and Business Review 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English 6.29 News Summary; News in German. 6.40 German Features. 7.54 *News in German. 8.00 News* and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Folk In Britain 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review. 11.15 Letter From America. 11.30 The Battle of the Bikes. 12.00 Newsdesk.

CHESS

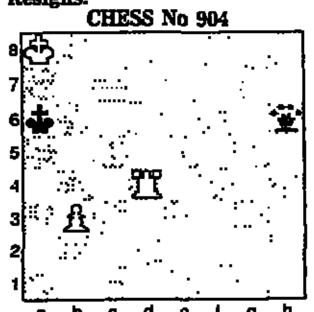
JUDIT Polgar, the Hungarian prodigy, has become the youngest grandmaster in history, breaking Bobby Fischer's record set in 1958. Fischer was 15 years 6 months when he qualified from the Portoroz interzonal to the world title candidates, Polgar a month younger when she won the 1991 Hungarian championship.

Fischer was already US men's champion,and his rivals in Yugoslavia included Petrosian and Tal who, like Bobby himself, became world champions. But I believe the Polgar of 1991 would beat the Fischer of 1958. Judit has a brilliant tactical game, and her defence has become sounder. She outplayed nine GMs from a strong chess nation *in Budapest*, and went for a win and the national title in the final round when a draw was enough for grandmaster.

The world women's crown is hers for the taking, but Polgar's target is Gary Kasparov.

The Foreign & Colonial Hastings event now in progress is the first international since the USSR's demise. The former Soviet GMs opened with a string of victories (A Shirov, *Latvia, White; J Hodgson, UK,* Black; Benko Gambit; Foreign & Colonial Hastings 1991). 1 d4 Nf6 2 c4 c5 3 d5 b5 4 cxb5 a6 5 b6 Current thinking is to decline the gambit rather than allow Black an initiative by 5 bxa6 Bxa6. d6 6 Nc3 Qxb6 7 a4 g6 8 a5 Qb7? Artificial. Qc7 9 e4 Nbd7 planning Rb8-b4 gives better counterplay. 9 e4 Bg7 10 Bc4 0-0 11 Nge2 Ne8 12 0-0 Nc7 13 Qd3 Bd7 14 f4 Bb5 15 b3 Nd7 16 Ra2 Rad8 17 Bb2 Nf6 18 Ba1 e6 19 h3 Rfe8 20 Ng3 Rd7 21 dxe6 fxe6 22 f5 White uses his extra space to weaken the BK's defences. Bxc4 23 bxc4 exf5 24 exf5 g5 25 Rb2 Qa8 26 Rb6 g4 Further exposing his K, so d5 27 cxd5 Nfxd5 28 Qc4 Bxa1 looks a better chance. 27 hxg4 Nxg4 28 Nce4 Bxa1 29 Rxa1 Rde7 30 Re1 d5 31 Qd1! dxe4 32 Qxg4+ Rg7 33 Qf4 Qd8 34 f6 Qd4+ 35 Kh2 Rf7 36 Nf5 Qxc4 37 Nh6+ Kh8 38 Rxe4! Qxe4 39 Nxf7+ Kg8 40 Nh6+ Kh8 41 Qxe4 Avoids the last trap 41 Qxc7? Qh4+ 42 Kg1 Re1 mate. Rxe4 42 Rb8+ *Re8 43 Rxe8+ Nxe8 44 f7* Resigns.

CHESS No 904



White to moves and draw (by A Kuznetsov, 1977).

Solution Page XIII

Leonard Barden

BRIDGE

TODAY'S comes from *Tiger Bridge Revisited*, an updated edition of *Tiger Bridge* by Jeremy Flint and Freddie North recently published in paperback by Maxwell Macmillan at £7.95. You will enjoy this book. This deal from the World *Championships shows, as the* authors say, that a finesse can acquire a touch of breeding:

N
♠ A J 9 5
♥ K J 8 7 4 3
♦ A 6
♣ 4

W
♠ 10 7 2
♥
♦ K J 10 9 7 5 4 2
♣ 5 3

E
♠ K 8
♥ Q 9 6 5 2
♦ Q 8 3
♣ Q 8 2

S
♠ Q 6 4 3
♥ A 10
♦
♣ A K J 10 9 7 6

With North-South vulnerable South dealt and began the bidding with one club, West overcalled with three diamonds, North said three hearts, and East tried to make things really difficult by jumping to five diamonds. South, however, fearlessly bid six clubs, concluding the auction.

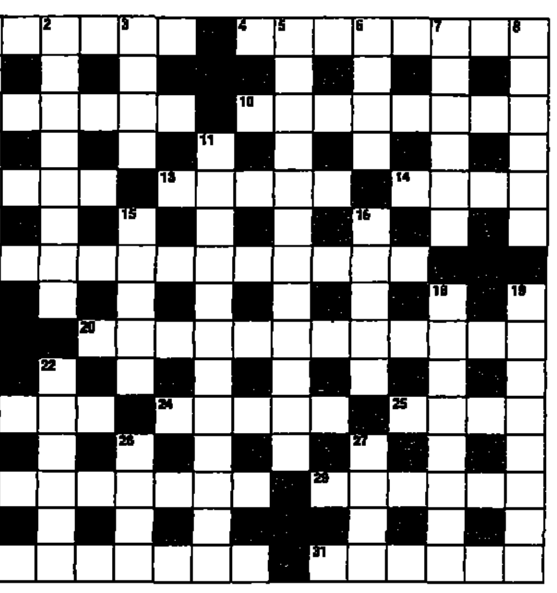
West led the nine of diamonds. *Aux cartes ouvertes* it is easy to take with dummy's ace, finesse the club knave, draw trumps, and sail home with *one spade, three hearts, one* diamond, and the seven clubs. But this declarer had other ideas. Playing low from dummy, he ruffed the nine, cashed ace, king of clubs, and ace king of hearts. The eight of hearts was returned, forcing East's nine to cover, and ruffed in hand. Now declarer led a club, discarding a second spade from dummy. East won, and had no good return. Whatever he led, he could not prevent South from taking one more ruffing finesse against the queen of hearts. He led a diamond – South's wisdom in retaining this entry to dummy is now evident – and the slam was made by means of one spade, four hearts, one diamond, and six clubs. Brilliant – safe as houses,and elegant.

E P C Cotter

CROSSWORD

No. 7,738 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday January 15, marked Crossword 7,738 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 18.



Name..........

Address..........

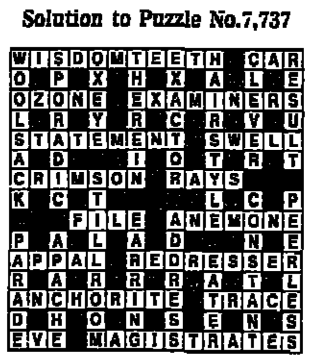
ACROSS

1 Legs in movement make one run (6)
4 Dying to bury bone in heap? (8)
9 North American custom taking antacid, originally, for sickness (6)
10 Vet fails badly in gala (8)
12 County star is retiring (4)
13 Bars in stations? (5)
14 This princess of Tyre accomplished nothing (4)
17 Minute distance on ahead, say? (5-7)
20 Trouper's pose in variety is laughable (12)
23 We French show commonsense (4)
24 Worker in charge? What a caper! (5)
25 Chap running rings round race of Man (4)
28 Near-and-far spectacles? (8)
29 Standards seldom change (6)
30 Night air (8)
31 Means to signal left a bit (6)

DOWN

1 Possibly heat buns brown (8)
2 Disturbed and sometimes shrink-resistant (8)
3 *General King is just a vegetable* (4)
5 Potter's way of keeping ahead of competitors? (12)
6 Letter from a Greek Cypriot arrives (4)
7 A continental film to make public (6)
8 Fifty-cent cut is quite a lump! (6)
11 Studded with celebrities to the US standard (4-8)
15 Operators of pistols taking the morning off? (5)
16 Beef guide (5)
18 This citadel in favour of lock? (8)
19 Throwing-poles-around-America championship (8)
21 BA's in university presented Egyptian god (6)
22 Cove at the end of the line? (6)
26 Science-article to study (4)
27 Mad? Cool off! (4)

Solution to Puzzle No.7,737



The solution to the Christmas Crossword and the names of the winners appear on Page XII

With friends like Germans...

***John Willman** finds himself more and more in tune with Nicholas Ridley*

I AM very fond of Germany, I like a lot of German culture and some of my best friends are German. But I am beginning to think that Nicholas Ridley was on to something in his infamous July 1990 interview with *The Spectator*.

You will recall that he described the European Community as "a German racket designed to take over the whole of Europe".

He rather spoilt his case with some unguarded language, not to mention strange references to German "habits". His blimpish attempt to link modern German politicians with Hitler's Third Reich was unforgiveable. But Ridley's description of Germany as the dominant power in the EC is hardly anything new in the economic sphere.

What has happened since the *Bundesbank* raised interest rates just before Christmas is only the latest example of this. Almost every country in the exchange rate mechanism has followed suit and put up rates – irrespective of national economic needs.

Most of Europe has accepted an unnecessary deflationary blow because Germany needed to rein in the spending party after unification.

Even in the UK, the only ERM country to buck the trend, the jury is still out on whether a rise in interest rates will be necessary.

If British interest rates do rise in the next few weeks, who can doubt that the decision was taken in Frankfurt rather than Great George Street?

What is new is that this economic dominance is flowing into other fields – most obviously into foreign policy. A sobering example was provided by Germany's bulldozer tactics in pressing the EC for early recognition of Croatia and Slovenia, against the better judgment of most other member states.

Just days after signing up at Maastricht for European political unity, Chancellor Kohl described the decision as "a great victory for German foreign policy".

From here, it looks a good deal more like what Ridley described as a "rushed take-over by the Germans on the worst possible basis, with the French behaving like poodles".

Then there is the EC's Social Charter, which threatens to impose German employment costs on other member states.

The argument is that this will level the playing field of the internal market. But the better the pitch, the more likely it is that the stronger team will win. The price of joining the German club is agreeing to the German rules.

Of course, it is hardly surprising that Europe's most populous nation should seek a political role commensurate with her economic strength.

Two disastrous attempts to establish German hegemony over Europe earlier in the century by military means failed to win friends and influence people. This time, power and influence has been won without a single shot being fired, through the unbeatable combination of a stable currency and a strong manufacturing base.

The resulting *pax germanica* is far more attractive than any tinpot empire. Newly-freed countries from the east queue to join, and the mark is already *the* hard currency from the Oder to the Urals.

I suspect that many people in Britain would happily contract out the UK's economic management to the Bundesbank, especially if they could exchange their pounds for marks.

Indeed, that is precisely what monetary union is about for most EC countries – trading recognition of the predominance of the D-mark for a seat at the Bundesbank table.

The price of that seat is agreement to German demands for a more unified political structure which Germany will dominate as the largest and strongest economy. That is where the furore over the decision to recognise Croatia begins to ring alarm bells.

A European Union dominated by Germany may be a good place to spend the third millenium. But old enmities could re-emerge with the "uppity" Germans challenged by equally uppity French or Italians. How can such conflicts be resolved if sovereignty has been ceded to an institution dominated by one power?

Ridley attracted ridicule for his view that a more unified Europe would make it harder to preserve a balance between the main continental powers – the traditional aim of UK foreign policy.

For his pains, he was accused of being a little Englander, dwelling in an imperial past and unable to come to terms with the new Europe. Yet I find myself increasingly in tune with his argument, in spite of a fondness for things German.

Dr Criminale, I presume?

The final instalment of Malcolm Bradbury's new novel

Journalist Francis Jay, who is researching a film with the working title "Great Thinkers of the Age of Glasnost," is now posing as a Russian. Accompanied by the mysterious Hungarian woman Ildiko Hazy, he is still on the trail of the enigmatic philosopher Dr Bazlo Criminale as he treks from conference to conference. Their paths finally cross on a Swiss lake steamer, which is playing host to the exotic delegates of an international congress on eroticism in photography. Dr Criminale, who is in the company of the beautiful Miss Belli, is one of the speakers. In this second extract from Malcolm Bradbury's new novel, Jay enjoys his first real meeting with the Gatsby-esque Criminale . . .

I WAS beginning to learn quite a good deal about congresses and conferences, as anyone would whose task was to follow in the footsteps of Doctor Bazlo Criminale. I had certain half-formed thoughts on the subject which might in fact have made quite a good paper, if they ever decided to hold a conference on the topic of conferences (and I have no doubt that sooner or later they will).

In one sense all congresses are like each other: they all have lapel badges and briefcases, banquets, trips, announcements, lectures in the congress hall, intimate liaisons in the bar. In another sense every congress, like every love affair (and the two are often closely connected), is different. There is a new mix of people, a new surge of emotion, a new state of the state of the art, a new set of ideas and chic philosophies, a changed order of things. There are congresses of pleasure, congresses of reason and congresses of emotion.

In this simple scale of things, the Lausanne International Congress on Erotics in Postmodern Photography – which, standing in the entrance of the ship's saloon, I began, Ildiko beside me, to inspect – was pretty clearly a congress of art, pleasure, and emotion. The photographers of Lausanne, who numbered about eighty strong and had come from everywhere, were clearly a group of ego-fondling extroverts. Writers are sometimes inclined to let their work do the talking; photographers have to let their talking do the work.

Yes, they were a flamboyant crowd. One woman was bare-breasted. One man wore a Napoleonic uniform. Many had cross-dressed: several of the men had on what looked like chiffon bedroom wear, and several of the women were clad in ties, tweeds or dress shirts and dinner jackets. They had a band on board, so they began to dance. There was a bar on board, so they began to drink. There was finer food on board, so they began to snack. There were celebrities on board, so they started celebrating. There were evidently illegal substances on board, so they began to dream. There were lips and breasts and buttocks on board, so they began to neck and fondle and nuzzle and suck. They were beautiful people, and they knew they were, so they started to do beautiful and outrageous and infinitely photographable things. They also photographed themselves doing them, making their circle of unreality complete.

But amid all this glitzy excitement there was one small pool of calm, sanity and metaphysical reason. It surrounded, of course, Bazlo Criminale.

We wandered round the ship and at first we could not find him. Then there he was, sitting at a table in a corner of the rear saloon. He wore a Ralph Lauren sport shirt under his fine suit, and his hairstyle had been slicked down in the style of a Thirties seducer. Belli, beside him in her bright orange dress, chattered, flirted, and constantly touched him on the arm. And in a crowd of flamboyant celebrities, he seemed somehow to be the true celebrity, as perhaps the constant flash of cameras insisted. I saw now how Criminale and *People* magazine could somehow go together.

But he was still the hardy philosopher. A crowd had gathered round, listening to what he was saying. I stood on the fringes and caught some of it. "I read in the newspaper today a very interesting thing," he was remarking. "Always first in the morning when he wakes he reads the newspapers," explained Miss Belli. "I see the Japanese have now invented a special new toilet, the Happy Stool," said Criminale. "It takes what you drop in the bowl each morning and at once makes a medical diagnosis of it." "Bazlo, *caro*, you are disgusting," said Belli. "In goes your effluent, out from a slot in the wall comes your health report," said Criminale ignoring this. "Too much vodka last night, sonny, now look what you have done with your cholesterol. Maybe even a needle comes into your rump and puts the matter right."

"Bazlo *caro*, eat something," said Miss Belli, pushing forward a tray of canapes. "All this blasted lovely food and you don't take any!" "After I read this, how can I eat something?" asked Criminale, "You see what it means, there is no secret anywhere any more."

I was still out there on the cold deck, watching the Swiss lights flicker on the shore, when someone came and leaned on the rail beside me. I turned, and there was a neat young man with a small beard, with a congress briefcase tucked under his arm. There then followed a familiar conference ritual, which resembles that of dogs sniffing each other; I checked his lapel badge, he checked mine. I saw that he was Hans de Graef, from Ghent, somewhere in Belgium.

He began addressing me in Russian; I had to explain that since my departure from wherever I lived I had perfected my English so effectively that I had now lost touch with my Russian. He seemed, I thought, a little suspicious, but began talking to me about the day's congress proceedings, especially the intense discussion of the Feminist Non-Erotic Nude in Scandinavia, which had provoked such fury right after lunch. I must have acquitted myself quite well on this, though, because he switched to more general conference gossip, which provided me with a good deal of useful information.

I shifted the talk, or maybe he did, to Bazlo Criminale. Had he, I enquired, been a sudden new addition to the congress programme? No, he said, glancing at me in obvious surprise; he had been in the congress information from the very beginning. In fact that was why he, de Graef, had chosen himself to come. He was, after all, the leading thinker in the field. I nodded, explaining that I myself had been a very late enroller. But his news came as a considerable surprise. Criminale had not, as I had been supposing, suddenly descended at whim on the conference, like some god from heaven deciding to lower his golden car.

It now began to occur to me that, having totally failed to understand Ildiko, I had also totally failed to understand Bazlo Criminale as well. In fact from that moment onward, the things I thought I had understood began to grow ever more obscure.

Just behind the two of us, in the saloon, the band was going through its eclectic repertoire, which seemed to range from "Mirabelle, Ma Belle" to the latest Madonna hits. The decks of the vessel bounced; the erotic photographers were clearly in the best of spirits. Then, glancing through the port, I suddenly caught another, momentary glimpse of Bazlo Criminale. He was twirling and turning in a stiff and stately waltz: rather surprisingly, since the band was playing something entirely different. I couldn't from this angle, see his dancing companion, though the dress in his arms was clearly not the bright orange garb of Miss Belli. And there was a moment, though it made no sense to me at all, when I actually thought the partner in his arms was Ildiko, who was so determined not to speak to him.

'They were beautiful people, and they knew they were, so they started to do beautiful and outrageous and infinitely photographable things'

But just then we were both interrupted by a very physical-looking young Frenchwoman – she was strapping, entirely bald, and wearing what seemed to be a bathing dress; in fact in every detail except the grease she appeared indistinguishable from an Olympic swimmer – who came over to us, seized young de Graef and demanded he come to the dance floor.

He smiled at me apologetically – I rather gathered that this was exactly what he had come out on to the deck to get away from – and then I was left alone again, leaning over the rail, seeing the lighted streets and towers of a reasonably-sized lakeside town come out of the darkness ahead. Then a moment later, someone else joined me by the rail, puffing somewhat, wiping his brow with a handkerchief. I turned, and saw, to my complete surprise, that it was Bazlo Criminale . . .

To this day, I have no idea whether – as we stood there on the cold deck of the steamer on Lake Geneva, leaning over the side like two passengers on a transatlantic liner, very probably doomed – Bazlo Criminale recognised me, or whether I was some obscure grey figure in the darkness to whom he by chance began to talk. If he had some idea who I was, he certainly showed no surprise at seeing me there.

Perhaps, given that he lived in the higher realm of thought, to him one congress was so like another, one congress face so like another, maybe even one congress lover just like another, and every situation merged into one. Maybe his reaction was somewhere between the two; he knew me, and he didn't know me; I was both satisfyingly familiar and totally obscure. He was the elephant, I was the flea – that very convenient thing, the quiet young man who was interested in him but in no way represented a rival or a threat. At any rate, there I was, and he began to talk.

"You don't dance, I see," he said, wiping his sweating brow. "Perhaps I should admit myself I am too old for this kind of thing." "Oh, surely," I said. "You know, when I was young, sex was such a wonderful discovery," he said. "My young friend, I will tell you something important, but it will take you a long time to believe it. When you reach a certain age these things cease to be a great discovery and turn into a bad habit."

"Is that possible?" I asked. "These people there talk all day about the erotic," said Criminale, waving his hand back toward the dancing photographers. "They are like chefs who spend all their time thinking about food but have forgotten what it is like to eat it. But believe me, when you are over fifty, and I am quite a long way past it, sex is like meat, only worth taking if there is a certain sauce with it." "What kind of sauce?" I asked. "In my case it is power," said Criminale. "The erotic for me has always something to do with power. A woman to please me must always have a certain grip on power."

I found this bewildering. Did the bewitching Miss Belli have a certain grip on power? She didn't seem the Jackie Kennedy or Joan Collins type to me. "No, sex is not so amazing," Criminale went on. "It is what we confuse ourselves with on the way to something better. It misdirects us and empties us. It is our unfortunate necessity, our incontinence, our error, our folly. Now the women don't want it anyway." "That's very depressing," I said, thinking that if this was his current state of mind it must be still more depressing for Miss Belli.

"I suppose fame is erotic," I said. "But let me warn you, the love life of celebrities, which fills up all the newspapers, is never quite what it seems," said Criminale. "The image is a deception. The description is nothing like the reality. Celebrity is a public delusion for which the world will make you pay. And now where in the world have we got to?"

"Where in the world?" I asked. I thought at first he was posing me some philosophical question, but he waved his hand grandly at the lake in front of us. "Oh, on the lake," I said, "I think those lights must be Vevey." "Ah, yes, Vevey," said Criminale, "Once the exile home of a very great man." "Oh yes?" I asked. "Charlie Chaplin," he said. "Do you know Adolf Hitler's men had strict orders that the Fuhrer must never watch his movies, for the fear that he might think the fool he was watching up there on the screen was himself?" "No, I didn't," I said. "Those two were born in the same year, 1889, by the way," he said. "Think of it, Hitler and Chaplin, the Fascist and the clown . . ."

And so we stood there, two friendly passenger, our cigar ends glowing, staring out over the rail as the lights of Vevey and then Montreux slipped brightly by. "You know, I like this lake," he said after a moment. "Yes it is very pleasant," I said. "The lake of exiles," said Criminale. "The people who loved it most were mostly exiles, like myself. All came looking for what you can never find. Rousseau came, looking for human innocence. It was not here. Byron came seeking political liberty. Not here. Eliot came wanting a *relief* from the madness of the modern. No good. Nabokov came and thought he would find Russia again. He found Swiss hotels." He wasn't the only one, I thought.

I looked at him sideways. One thing, I realised, was certain: whatever erotic delights this famous and fortunate man was enjoying – or perhaps not enjoying – in the warm arms of Miss Belli, they had not diminished by one jot his teacher's unquenchable desire to instruct and explain. I was full of questions; I wanted to ask him things, to ask him everything – about his childhood, his politics, his philosophy, his experience under Karl Marx, his life, his loves.

But I settled for listening, and why not? That was what you did with Bazlo Criminale. After all, in the middle of an egotistical world, very short on dignity (the photographers behind us were now turning the party raucous), he had the gift for deepening and dignifying any occasion, for adding presence and value to any thought. I found that I liked the sound of his talking voice, the slow ironic tone of his ideas. I liked his seriousness, his human flavour, his sense of history. He came out of confusion, but he brought a sort of order. At moments like this I knew there was nothing wrong with Bazlo Criminale . . .

■ *Malcolm Bradbury's new novel,* Dr Criminale, *will be published by Secker and Warburg in September 1992.*

Auld lang signs

Michael Thompson-Noel

I ENJOYED myself on New Year's eve. I took my assistant, Miss Lee, to dinner at the Moody Mango in Mayfair. Ordinarily, the prices are so steep at the Moody Mango that I have to wait until I am invited, but the last time I was there I won a door prize, dinner for two on New Year's eve. So off we went in the trusty Rover, dressed to kill.

I had toyed with inviting Norman Lamont to join our table. I have been ruder, for longer, about Norman than almost anyone. Right from the word *go!* I thought: something's not right here, it will all end in tears. Which is why it occured to me, on New Year's eve, that magnanimity would be in order, especially as Norman and I will be Notting Hill neighbours in 1992, as soon as he leaves Downing Street.

But then another thought struck me. Would it be fair to invite Norman to the Moody Mango and ignore the other doomed ministerial souls who appeared in this column in 1991? John Major? Kenneth Baker? Malcolm Rifkind?

Answer: it would not have been fair, so I did not invite him. But Miss Lee and I were not short of company at the Moody Mango, for those in attendance included many of my closest friends, all of whom surfaced in this column last year.

Miss Lee was at her loveliest. She is a fortysomething Yorkshire-woman, well to the right of centre, who spends absurd sums on clothes at the dreadful Harvey Nicks. But that is her only fault. She has poise. She is fragrant. And she counterbalances my own glum moods and (very minor) pretentiousness.

"Have you made a New Year's resolution?" asked Miss Lee, candle-light dancing in her blue-green eyes.

"No," I said, through mouthfuls of *pesce ai ferri alla moda dell'Adriatico*. "Too banal by half. I read last weekend that Will Carling's resolution for 1992 was to drink less

HAWKS & HANDSAWS

coffee. What a potato! Who *is* Will Carling?"

"You know perfectly well, Michael. We're not at home, tonight, to Mr Silly-Talk."

Just then, Jack Hillbrooke, Britain's richest bookmaker, crossed the room to greet us, accompanied by two other dear friends, Sheikh Walli Al-kaljabi and Lady Catherine de Moubray-ffrench-Moubray. All three were sombre.

"Hi there, Jack," I said. "And what is your resolution for 1992? To bleed the last drop of blood from the hapless punters? Or you, Sheikh Walli? To buy another 1,500 race-horses? Catherine? To change your Korean chauffeurs even more frequently?"

None of this went down well.

"I am battening the hatches," said Jack. "Everywhere I look I see grave uncertainty. Never before have I stood at the edge of a volcano like 1992. Survival is the only game in town." Sheikh Walli said that he was downscaling his racing empire fast because of less-than-$18 oil, while Lady Catherine announced that she was firing staff. "Cook's gone, and the assistant gardener. What a dire, dire mess. Is civilisation ending? If it were not for my chauffeurs I would be utterly bereft."

The next friend to greet us was Rory d'Avigold-Teaze, the theatrical impresario, accompanied by Penelope Powdermaker, the hot-shot media interviewer. Both of those were downcast, as was the trio of image-builders who came to our table next: Ron Manworthy, sports psychologist, Juliet Fetherbrayne, London's highest-paid PR, and Micky Muff, founder of the post-punk school of English cooking.

Micky's restaurant has closed. Juliet's PR consultancy is up to its spangled neck in debt. Ron's business has evaporated. Rory reckons that only 17 new Andrew Lloyd Webber musicals can save London's theatreland from doom. And Penelope Powdermaker said there was no one left to interview. "No one, that is, who hasn't been interviewed to death or isn't hideously compromised and tainted by the foul-ups of the 1980s."

Just before midnight, Wayne Talent, gaunt, groomed, 28-ish, slipped into the spare seat at our table. "Thought I'd never make it. London's jammed, innit? So what about '92, Mike? You with all your cred. Must have heard sumthin'." Wayne is the younger brother of Keith Talent, the darts-playing west London racketeer of Martin Amis's novel, *London Fields*.

"No, Wayne, I haven't. How about yourself?"

"The word on the street," said Wayne, "is that everything's breaking up, it's all crashing down. The universe is dying. So I'm doing a bunk. In five hours' time I'll be aloft in first-class, winging me way to Sarawak. I'm going to ground, Mike, as far away from bother as money can get." And then he was gone.

It was midnight. I said to Miss Lee: "Now I *know* we're in deadly trouble. Happy New Year, Miss Lee. I think we should ring the airline."